
**UNITED STATES
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, 2012

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: 1-11178

REVLON, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

237 Park Avenue, New York, New York
(Address of principal executive offices)

13-3662955
(I.R.S. Employer
Identification No.)

10017
(Zip Code)

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of September 30, 2012, 49,231,798 shares of Class A Common Stock, 3,125,000 shares of Class B Common Stock and 9,336,905 shares of Series A Preferred Stock were outstanding. At such date, 37,544,640 shares of Class A Common Stock were beneficially owned by MacAndrews & Forbes Holdings Inc. and certain of its affiliates and all of the shares of Class B Common Stock were owned by REV Holdings LLC, a Delaware limited liability company and an indirectly wholly-owned subsidiary of MacAndrews & Forbes Holdings Inc.

REVLON, INC. AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	September 30, 2012 (Unaudited)	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 45.2	\$ 101.7
Trade receivables, less allowance for doubtful accounts of \$4.3 and \$3.2 as of September 30, 2012 and December 31, 2011, respectively	195.7	212.0
Inventories	143.4	111.0
Deferred income taxes – current	49.8	49.8
Prepaid expenses and other	56.1	44.2
Total current assets	490.2	518.7
Property, plant and equipment, net	99.9	98.9
Deferred income taxes – noncurrent	211.4	232.1
Goodwill	217.7	194.7
Other assets	164.4	112.7
Total assets	<u>\$ 1,183.6</u>	<u>\$ 1,157.1</u>
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities:		
Short-term borrowings	\$ 8.3	\$ 5.9
Current portion of long-term debt	8.0	8.0
Accounts payable	102.7	89.8
Accrued expenses and other	266.5	231.7
Total current liabilities	385.5	335.4
Long-term debt	1,160.8	1,107.0
Long-term debt – affiliates	—	58.4
Redeemable preferred stock	48.3	48.4
Long-term pension and other post-retirement plan liabilities	216.6	245.5
Other long-term liabilities	53.1	55.3
Commitments and contingencies		
Stockholders' deficiency:		
Class A Common Stock, par value \$0.01 per share; 900,000,000 shares authorized; 49,986,651 shares issued as of September 30, 2012 and December 31, 2011	0.5	0.5
Class B Common Stock, par value \$0.01 per share; 200,000,000 shares authorized; 3,125,000 shares issued and outstanding as of September 30, 2012 and December 31, 2011	—	—
Additional paid-in capital	1,015.1	1,014.1
Treasury stock, at cost: 754,853 and 671,271 shares of Class A Common Stock as of September 30, 2012 and December 31, 2011, respectively	(9.8)	(8.6)
Accumulated deficit	(1,493.4)	(1,498.0)
Accumulated other comprehensive loss	(193.1)	(200.9)
Total stockholders' deficiency	(680.7)	(692.9)
Total liabilities and stockholders' deficiency	<u>\$ 1,183.6</u>	<u>\$ 1,157.1</u>

See Accompanying Notes to Unaudited Consolidated Financial Statements

REVLON, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE (LOSS) INCOME
(dollars in millions, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net sales	\$ 347.0	\$ 337.2	\$ 1,034.8	\$ 1,021.6
Cost of sales	127.0	123.1	367.1	358.3
Gross profit	220.0	214.1	667.7	663.3
Selling, general and administrative expenses	179.9	169.3	540.5	526.0
Restructuring charges	21.0	—	21.0	—
Operating income	19.1	44.8	106.2	137.3
Other expenses, net:				
Interest expense	19.9	20.4	59.5	64.7
Interest expense – preferred stock dividends	1.6	1.6	4.8	4.8
Amortization of debt issuance costs	1.3	1.3	3.9	4.1
Loss on early extinguishment of debt, net	—	—	—	11.3
Foreign currency (gains) losses, net	(0.1)	(0.9)	2.0	2.4
Miscellaneous, net	(0.1)	0.2	0.2	1.2
Other expenses, net	22.6	22.6	70.4	88.5
(Loss) income from continuing operations before income taxes	(3.5)	22.2	35.8	48.8
Provision for income taxes	11.5	22.1	31.6	32.4
(Loss) income from continuing operations, net of taxes	(15.0)	0.1	4.2	16.4
Income from discontinued operations, net of taxes	—	—	0.4	0.6
Net (loss) income	<u>\$ (15.0)</u>	<u>\$ 0.1</u>	<u>\$ 4.6</u>	<u>\$ 17.0</u>
Other comprehensive (loss) income:				
Currency translation adjustment, net of tax of \$(0.7) and nil for the three months ended September 30, 2012 and 2011, respectively, and \$0.7 and nil for the nine months ended September 30, 2012 and 2011, respectively	(1.9)	(8.9)	0.3	(8.7)
Amortization of pension related costs, net of tax of \$(0.2) and \$(0.5) for the three months ended September 30, 2012 and 2011, respectively, and \$(0.7) and \$(1.5) for the nine months ended September 30, 2012 and 2011, respectively	1.8	0.9	7.5	2.7
Other comprehensive (loss) income	(0.1)	(8.0)	7.8	(6.0)
Total comprehensive (loss) income	<u>\$ (15.1)</u>	<u>\$ (7.9)</u>	<u>\$ 12.4</u>	<u>\$ 11.0</u>
Basic (loss) income per common share:				
Continuing operations	(0.29)	—	0.08	0.31
Discontinued operations	—	—	0.01	0.01
Net (loss) income	<u>\$ (0.29)</u>	<u>\$ —</u>	<u>\$ 0.09</u>	<u>\$ 0.32</u>
Diluted (loss) income per common share:				
Continuing operations	(0.29)	—	0.08	0.31
Discontinued operations	—	—	0.01	0.01
Net (loss) income	<u>\$ (0.29)</u>	<u>\$ —</u>	<u>\$ 0.09</u>	<u>\$ 0.32</u>
Weighted average number of common shares outstanding:				
Basic	<u>52,356,641</u>	<u>52,182,848</u>	<u>52,345,895</u>	<u>52,170,839</u>
Diluted	<u>52,356,641</u>	<u>52,345,857</u>	<u>52,356,911</u>	<u>52,319,654</u>

See Accompanying Notes to Unaudited Consolidated Financial Statements

REVLON, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIENCY
(dollars in millions)

	Common Stock	Additional Paid-In- Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficiency
Balance, January 1, 2012	\$ 0.5	\$1,014.1	\$ (8.6)	\$ (1,498.0)	\$ (200.9)	\$ (692.9)
Treasury stock acquired, at cost ^(a)			(1.2)			(1.2)
Stock-based compensation amortization		0.3				0.3
Excess tax benefits from stock-based compensation		0.7				0.7
Net income				4.6		4.6
Other comprehensive income ^(b)					7.8	7.8
Balance, September 30, 2012	<u>\$ 0.5</u>	<u>\$1,015.1</u>	<u>\$ (9.8)</u>	<u>\$ (1,493.4)</u>	<u>\$ (193.1)</u>	<u>\$ (680.7)</u>

^(a) Pursuant to the share withholding provisions of the Third Amended and Restated Revlon, Inc. Stock Plan (the "Stock Plan"), certain employees, in lieu of paying withholding taxes on the vesting of certain restricted stock, authorized the withholding of an aggregate of 83,582 shares of Revlon, Inc. Class A Common Stock during the first nine months of 2012 to satisfy the minimum statutory tax withholding requirements related to such vesting. These shares were recorded as treasury stock using the cost method, at a weighted average price per share of \$14.20, based on the closing price of Revlon, Inc. Class A Common Stock as reported on the NYSE consolidated tape on the respective vesting dates, for a total of \$1.2 million.

^(b) See Note 9, "Accumulated Other Comprehensive Loss," in this Form 10-Q regarding the changes in the accumulated balances for each component of accumulated other comprehensive loss during the first nine months of 2012.

See Accompanying Notes to Unaudited Consolidated Financial Statements

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

	Nine Months Ended September 30,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 4.6	\$ 17.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Income from discontinued operations, net of taxes	(0.4)	(0.6)
Depreciation and amortization	48.4	45.3
Amortization of debt discount	1.6	2.0
Stock compensation amortization	0.3	1.7
Provision for deferred income taxes	22.8	17.1
Loss on early extinguishment of debt, net	—	11.3
Amortization of debt issuance costs	3.9	4.1
Loss on sale of certain assets	0.2	—
Pension and other post-retirement expense	4.1	3.9
Change in assets and liabilities:		
Decrease in trade receivables	16.5	8.1
Increase in inventories	(32.6)	(29.4)
Increase in prepaid expenses and other current assets	(13.2)	(4.0)
Increase in accounts payable	2.3	2.0
Increase in accrued expenses and other current liabilities	35.3	2.4
Pension and other post-retirement plan contributions	(26.8)	(28.7)
Purchases of permanent displays	(31.2)	(28.2)
Other, net	(17.9)	(3.8)
Net cash provided by operating activities	<u>17.9</u>	<u>20.2</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(14.8)	(9.6)
Business acquisition	(66.2)	(39.0)
Proceeds from the sale of certain assets	0.6	0.2
Net cash used in investing activities	<u>(80.4)</u>	<u>(48.4)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in short-term borrowings and overdraft	12.5	10.0
Repayments under the 2010 Term Loan Facility	—	(794.0)
Borrowings under the 2011 Term Loan Facility	—	796.0
Repayments under the 2011 Term Loan Facility	(6.0)	(2.0)
Payment of financing costs	(0.1)	(4.2)
Other financing activities	(0.7)	(1.2)
Net cash provided by financing activities	<u>5.7</u>	<u>4.6</u>
Effect of exchange rate changes on cash and cash equivalents	<u>0.3</u>	<u>(3.2)</u>
Net decrease in cash and cash equivalents	(56.5)	(26.8)
Cash and cash equivalents at beginning of period	101.7	76.7
Cash and cash equivalents at end of period	<u>\$ 45.2</u>	<u>\$ 49.9</u>
<i>Supplemental schedule of cash flow information:</i>		
Cash paid during the period for:		
Interest	\$ 57.5	\$ 66.4
Preferred stock dividends	4.6	4.6
Income taxes, net of refunds	13.8	14.0
<i>Supplemental schedule of non-cash investing and financing activities:</i>		
Treasury stock received to satisfy minimum tax withholding liabilities	\$ 1.2	\$ 1.4

See Accompanying Notes to Unaudited Consolidated Financial Statements

REVLON, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(except where otherwise noted, all tabular amounts in millions, except share and per share amounts)

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Revlon, Inc. (and together with its subsidiaries, the “Company”) conducts its business exclusively through its direct wholly-owned operating subsidiary, Revlon Consumer Products Corporation (“Products Corporation”), and its subsidiaries. Revlon, Inc. is a direct and indirect majority-owned subsidiary of MacAndrews & Forbes Holdings Inc. (“MacAndrews & Forbes Holdings” and, together with certain of its affiliates other than the Company, “MacAndrews & Forbes”), a corporation wholly-owned by Ronald O. Perelman.

The Company’s vision is glamour, excitement and innovation through high-quality products at affordable prices. The Company operates in a single segment and manufactures, markets and sells an extensive array of cosmetics, women’s hair color, beauty tools, anti-perspirant deodorants, fragrances, skincare and other beauty care products. The Company’s principal customers include large mass volume retailers and chain drug and food stores in the U.S., as well as certain department stores and other specialty stores, such as perfumeries, outside the U.S. The Company also sells beauty products to U.S. military exchanges and commissaries and has a licensing business pursuant to which the Company licenses certain of its key brand names to third parties for the manufacture and sale of complementary beauty-related products and accessories in exchange for royalties.

The accompanying Consolidated Financial Statements are unaudited. In management’s opinion, all adjustments necessary for a fair presentation have been made. The Unaudited Consolidated Financial Statements include the accounts of the Company after the elimination of all material intercompany balances and transactions.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) requires management to make estimates and assumptions that affect amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the periods presented. Actual results could differ from these estimates. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the consolidated financial statements in the period they are determined to be necessary. Significant estimates made in the accompanying Unaudited Consolidated Financial Statements include, but are not limited to, allowances for doubtful accounts, inventory valuation reserves, expected sales returns and allowances, trade support costs, certain assumptions related to the recoverability of intangible and long-lived assets, deferred tax valuation allowances, reserves for estimated tax liabilities, restructuring costs, certain estimates and assumptions used in the calculation of the net periodic benefit costs and the projected benefit obligations for the Company’s pension and other post-retirement plans, including the expected long-term return on pension plan assets and the discount rate used to value the Company’s pension benefit obligations. The Unaudited Consolidated Financial Statements should be read in conjunction with the consolidated financial statements and related notes contained in Revlon, Inc.’s Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission (the “SEC”) on February 16, 2012 (the “2011 Form 10-K”).

The Company’s results of operations and financial position for interim periods are not necessarily indicative of those to be expected for a full year.

Certain prior year amounts in the Unaudited Consolidated Financial Statements have been reclassified to conform to the current period’s presentation.

Fire at Revlon Venezuela Facility

On June 5, 2011, the Company’s facility in Venezuela was destroyed by fire. For the years ended December 31, 2011 and 2010, the Company’s subsidiary in Venezuela (“Revlon Venezuela”) had net sales of approximately 2% and 3%, respectively, of the Company’s consolidated net sales. At December 31, 2011 and

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2010, total assets of Revlon Venezuela were approximately 2% and 3%, respectively, of the Company's total assets. Prior to the fire, approximately 50% of Revlon Venezuela's net sales were comprised of products imported from the Company's Oxford, North Carolina facility and approximately 50% were comprised of products locally manufactured at the Revlon Venezuela facility. Revlon Venezuela did not have any net sales from the date of the fire until August 12, 2011. The Company's net sales in Venezuela since August 12, 2011 have been primarily comprised of products imported from the Company's Oxford, North Carolina facility. In the first quarter of 2012, Revlon Venezuela also began importing certain products from third party manufacturers outside of Venezuela, which were locally manufactured at the Revlon Venezuela facility prior to the fire.

The Company maintains comprehensive property insurance, as well as business interruption insurance. Business interruption insurance is intended to reimburse for lost profits and other costs incurred, which are attributable to the loss, during the loss period, subject to the terms and conditions of the applicable policies.

For the third quarter and first nine months of 2012, the Company incurred business interruption losses of \$1.7 million and \$2.8 million, respectively, related to the fire. In the second quarter of 2011, the Company recorded a \$4.9 million impairment loss related to Revlon Venezuela's net book value of inventory, property, plant and equipment destroyed by the fire and in the period from June through September 30, 2011, the Company incurred business interruption losses of \$6.1 million related to the fire, for total losses of \$11.0 million incurred in the first nine months of 2011. The business interruption losses incurred in the nine months ended September 30, 2012 and 2011 include estimated profits lost as a result of the interruption of Revlon Venezuela's business and costs incurred directly related to the fire. The business interruption losses incurred through September 30, 2012 are not indicative of future business interruption losses for insurance purposes or future expected profits for Revlon Venezuela. The Company's insurance coverage provides for business interruption losses to be reimbursed, subject to the terms and conditions of such policy, for a period of time, which period for the coverage related to the Venezuela fire ended on October 2, 2012.

During the third quarter and first nine months of 2012, the Company received interim advances of \$1.5 million and \$4.5 million, respectively, from its insurance carrier in connection with the fire, for total cumulative receipts of \$24.2 million received from the date of the fire through September 30, 2012. During the third quarter and first nine months of 2012, the Company recognized \$1.7 million and \$2.8 million, respectively, of income from insurance recoveries, which entirely offset the business interruption losses noted above. During the third quarter and first nine months of 2011, the Company recognized \$6.1 million and \$11.0 million, respectively, of income from insurance recoveries, which entirely offset the impairment loss and business interruption losses noted above. The income from insurance recoveries is included within selling, general and administrative ("SG&A") expenses in the Company's Statements of Operations and Comprehensive (Loss) Income for the three and nine months ended September 30, 2012 and 2011. The Company recorded deferred income related to the insurance proceeds received, but not yet recognized, of \$6.8 million and \$5.1 million as of September 30, 2012 and December 31, 2011, respectively, which is included in accrued expenses and other in the Company's Consolidated Balance Sheets.

For insurance purposes, an assessment of the extent of damage resulting from the fire and the impact on Revlon Venezuela's business is ongoing, and therefore the final amount and timing of the ultimate insurance recovery is currently unknown.

Recently Adopted Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure

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Requirements in U.S. GAAP and International Financial Reporting Standards (“IFRS”),” which amends Accounting Standards Codification (“ASC”) 820, “Fair Value Measurement.” ASU No. 2011-04 modifies ASC 820 to include disclosure of all transfers between Level 1 and Level 2 asset and liability fair value categories. In addition, ASU No. 2011-04 provides guidance on measuring the fair value of financial instruments managed within a portfolio and the application of premiums and discounts on fair value measurements. ASU No. 2011-04 requires additional disclosure for Level 3 measurements regarding the sensitivity of fair value to changes in unobservable inputs and any interrelationships between those inputs. The Company adopted ASU No. 2011-04 beginning January 1, 2012 and such adoption did not have a material impact on the Company’s results of operations, financial condition or disclosures.

In June 2011, the FASB issued ASU No. 2011-05, “Presentation of Comprehensive Income.” ASU No. 2011-05 eliminates the option to report other comprehensive income and its components in the statement of changes in equity. Under ASU No. 2011-05, an entity can elect to present items of net income and other comprehensive income in one continuous statement or in two separate, but consecutive, statements. In addition, in December 2011, the FASB issued ASU No. 2011-12, “Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05.” ASU No. 2011-12 defers the requirement to present components of reclassifications of comprehensive income by income statement line item on the statement of comprehensive income, with all other requirements of ASU No. 2011-05 unaffected. The Company adopted ASU No. 2011-05 and ASU No. 2011-12 beginning January 1, 2012 and has elected to present items of net income and other comprehensive income in one continuous statement.

2. PENSION AND POST-RETIREMENT BENEFITS

The components of net periodic benefit costs for the Company’s pension and the other post-retirement benefit plans for the third quarter of 2012 and 2011 are as follows:

	Pension Plans		Other Post-retirement Benefit Plans	
	Three Months Ended September 30,		Three Months Ended September 30,	
	2012	2011	2012	2011
Net periodic benefit costs:				
Service cost	\$ 0.4	\$ 0.4	\$ —	\$ —
Interest cost	7.5	8.1	0.1	0.2
Expected return on plan assets	(8.8)	(8.7)	—	—
Amortization of actuarial loss	2.0	1.3	0.1	—
	1.1	1.1	0.2	0.2
Portion allocated to Revlon Holdings LLC	—	(0.1)	—	—
	<u>\$ 1.1</u>	<u>\$ 1.0</u>	<u>\$ 0.2</u>	<u>\$ 0.2</u>

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The components of net periodic benefit costs for the Company's pension and the other post-retirement benefit plans for the first nine months of 2012 and 2011 are as follows:

	Pension Plans		Other Post-retirement Benefit Plans	
	Nine Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
Net periodic benefit costs:				
Service cost	\$ 1.2	\$ 1.0	\$ —	\$ —
Interest cost	22.5	24.3	0.5	0.6
Expected return on plan assets	(26.4)	(26.2)	—	—
Amortization of actuarial loss	6.1	4.0	0.2	0.2
	<u>3.4</u>	<u>3.1</u>	<u>0.7</u>	<u>0.8</u>
Portion allocated to Revlon Holdings LLC	(0.1)	(0.1)	—	—
	<u>\$ 3.3</u>	<u>\$ 3.0</u>	<u>\$ 0.7</u>	<u>\$ 0.8</u>

In the three and nine months ended September 30, 2012, compared to the three and nine months ended September 30, 2011, the Company recognized slightly higher net periodic benefit costs primarily due to the decrease in the weighted-average discount rate, partially offset by the increase in the fair value of pension plan assets at December 31, 2011. The Company expects that its net periodic benefit costs for its pension and the other post-retirement benefit plans will be approximately \$5 million for all of 2012, comparable to the \$5 million cost in 2011.

During the third quarter of 2012, \$7.2 million and \$0.2 million were contributed to the Company's pension plans and other post-retirement benefit plans, respectively. During the first nine months of 2012, \$26.2 million and \$0.6 million were contributed to the Company's pension plans and other post-retirement benefit plans, respectively. The Company currently expects to contribute approximately \$30 million in the aggregate to its pension plans and other post-retirement benefit plans for all of 2012.

Relevant aspects of the qualified defined benefit pension plans, nonqualified pension plans and other post-retirement benefit plans sponsored by Products Corporation are disclosed in Revlon, Inc.'s 2011 Form 10-K.

3. BUSINESS ACQUISITION

On July 2, 2012, the Company acquired certain assets of Bari Cosmetics, Ltd., including trademarks and other intellectual property related to Pure Ice nail enamel and Bon Bons cosmetics brands (the "Pure Ice Acquisition"). The Company paid \$66.2 million of total consideration for the Pure Ice Acquisition in cash, comprised of \$45.0 million cash on hand and \$21.2 million drawn under Products Corporation's 2011 Revolving Credit Facility. The results of operations related to the Pure Ice Acquisition are included in the Company's consolidated financial statements commencing on the date of acquisition. Pro forma results of operations have not been presented, as the impact on the Company's consolidated financial results would not have been material. As of September 30, 2012, there were no outstanding borrowings under Products Corporation's 2011 Revolving Credit Facility (excluding \$10.4 million of outstanding undrawn letters of credit).

REVLON, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(except where otherwise noted, all tabular amounts in millions, except share and per share amounts)

The Company accounted for the Pure Ice Acquisition as a business combination during the third quarter of 2012 and, accordingly, the total consideration of \$66.2 million has been recorded on a preliminary basis based on the respective estimated fair values of the net assets acquired at July 2, 2012 as follows:

Intangible assets	\$43.1
Goodwill	23.1
Total consideration	<u>\$66.2</u>

Goodwill of \$23.1 million represents the excess of cost over the fair value of intangible assets acquired. Factors contributing to the purchase price resulting in the recognition of goodwill include the strength of the Pure Ice brand in key retailers in the U.S. Both the intangible assets acquired and goodwill are expected to be deductible for income tax purposes. The intangible assets acquired by major asset category are as follows:

	Fair Values at July 2, 2012	Weighted Average Useful Life (in years)
Customer Relationship	\$ 33.3	19
Trademarks and Trade Names	9.8	10
Total	<u>\$ 43.1</u>	

The Company is in the process of completing its assessment of the fair value of assets acquired and liabilities assumed in the Pure Ice Acquisition. As a result, the fair value of the net assets acquired is provisional pending completion of the final valuation of such net assets.

4. RESTRUCTURING CHARGES

During the third quarter of 2012, the Company recorded charges totaling \$24.1 million related to the restructuring that the Company announced in September 2012 (the "September 2012 Program"), which primarily involved the Company exiting its owned manufacturing facility in France and its leased manufacturing facility in Maryland; rightsizing its organizations in France and Italy; and realigning its operations in Latin America, including consolidating Latin America and Canada into a single operating region, which will be effective in the fourth quarter of 2012. Certain of the actions are subject to consultations with employees, works councils or unions, and government authorities. Of the \$24.1 million charge: (a) \$21.0 million is recorded in restructuring charges; (b) \$1.6 million is recorded as a reduction to net sales; (c) \$1.1 million is recorded in cost of goods sold; and (d) \$0.4 million is recorded in SG&A expenses.

The Company expects to recognize approximately \$1.0 million in additional charges for a total of approximately \$25 million in charges related to the September 2012 Program. Of the total expected charge of \$25 million, approximately \$23 million will be cash that is expected to be paid over the next eighteen months.

Details of the activities described above during the first nine months of 2012 are as follows:

	Balance as of January 1, 2012	Expenses (Income), Net	Utilized, Net		Balance as of September 30, 2012
			Cash	Noncash	
Employee severance and other personnel benefits:					
September 2012 Program	\$ —	\$ 19.6	\$(0.1)	\$ —	\$ 19.5
Other:					
September 2012 Program	—	1.4	(0.5)	—	0.9
Other Programs	1.0	—	(0.5)	—	0.5
Total restructuring charges	<u>\$ 1.0</u>	<u>\$ 21.0</u>	<u>\$(1.1)</u>	<u>\$ —</u>	<u>\$ 20.9</u>

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5. INVENTORIES

	September 30, 2012	December 31, 2011
Raw materials and supplies	\$ 48.3	\$ 37.9
Work-in-process	12.0	8.1
Finished goods	83.1	65.0
	<u>\$ 143.4</u>	<u>\$ 111.0</u>

6. ACCRUED EXPENSES AND OTHER

	September 30, 2012	December 31, 2011
Sales returns and allowances	\$ 73.3	\$ 85.4
Advertising and promotional costs	42.6	32.2
Compensation and related benefits	51.3	52.0
Restructuring charges	20.9	0.6
Interest	17.0	16.5
Taxes	14.6	15.6
Other	46.8	29.4
	<u>\$ 266.5</u>	<u>\$ 231.7</u>

7. LONG-TERM DEBT AND REDEEMABLE PREFERRED STOCK

	September 30, 2012	December 31, 2011
2011 Term Loan Facility due 2017, net of discounts ^(a)	\$ 782.6	\$ 787.6
2011 Revolving Credit Facility due 2016 ^(a)	—	—
9 ³ / ₄ % Senior Secured Notes due 2015, net of discounts ^(b)	327.8	327.4
Amended and Restated Senior Subordinated Term Loan due 2014 ^(c)	58.4	—
Senior Subordinated Term Loan due 2014 ^(c)	—	58.4
	1,168.8	1,173.4
Less current portion	(8.0)	(8.0)
	1,160.8	1,165.4
Redeemable Preferred Stock ^(d)	48.3	48.4
	<u>\$ 1,209.1</u>	<u>\$ 1,213.8</u>

^(a) During the second quarter of 2011, Products Corporation consummated the refinancing of (i) its term loan facility, which was scheduled to mature on March 11, 2015 and had \$794.0 million aggregate principal amount outstanding at December 31, 2010 (the “2010 Term Loan Facility”), with a 6.5-year, \$800.0 million term loan facility due November 19, 2017 (the “2011 Term Loan Facility”) under a third amended and restated term loan agreement dated May 19, 2011 (the “2011 Term Loan Agreement”), and (ii) its revolving credit facility, which was scheduled to mature on March 11, 2014 and had nil outstanding borrowings at December 31, 2010, with a 5-year, \$140.0 million asset-based, multi-currency revolving credit facility due June 16, 2016 (the “2011 Revolving Credit Facility”) under a third amended and restated revolving credit

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agreement dated June 16, 2011 (the “2011 Revolving Credit Agreement” and together with the 2011 Term Loan Agreement, the “2011 Credit Agreements”). See Note 9, “Long-Term Debt and Redeemable Preferred Stock,” to the Consolidated Financial Statements in Revlon, Inc.’s 2011 Form 10-K for certain details regarding Products Corporation’s 2011 Credit Agreements.

- (b) See Note 9, “Long-Term Debt and Redeemable Preferred Stock,” to the Consolidated Financial Statements in Revlon, Inc.’s 2011 Form 10-K for certain details regarding Products Corporation’s 9³/₄% Senior Secured Notes which mature on November 15, 2015 (the “9³/₄% Senior Secured Notes”).
- (c) On April 30, 2012, MacAndrews & Forbes exercised its right to assign its interest in the Non-Contributed Loan (as hereinafter defined) to various third parties. In connection with such assignment, Products Corporation entered into an Amended and Restated Senior Subordinated Term Loan Agreement with MacAndrews & Forbes to: (1) modify the interest rate on the Non-Contributed Loan from its prior 12% fixed rate to a floating rate of LIBOR plus 7%, with a 1.5% LIBOR floor, resulting in an interest rate of approximately 8.5% per annum (or a 3.5% reduction per annum) upon the effectiveness of the Amended and Restated Senior Subordinated Term Loan Agreement; (2) insert certain prepayment premiums; and (3) designate Citibank, N.A. as the administrative agent for the Non-Contributed Loan. Refer to “Recent Debt Transactions” below for further discussion.
- (d) See Note 9, “Long-Term Debt and Redeemable Preferred Stock,” to the Consolidated Financial Statements in Revlon, Inc.’s 2011 Form 10-K for certain details regarding Revlon, Inc.’s redeemable Preferred Stock (as hereinafter defined) and Note 11, “Fair Value Measurements” in this Form 10-Q, regarding the Change of Control Amount (as hereinafter defined) related to Revlon, Inc.’s Preferred Stock.

Recent Debt Transactions

Products Corporation is party to the Senior Subordinated Term Loan Agreement, consisting of (i) the \$58.4 million principal amount of the \$107.0 million aggregate principal amount of the Senior Subordinated Term Loan (the “Non-Contributed Loan”) which, at December 31, 2011, remained owing from Products Corporation to MacAndrews & Forbes, and which matures on October 8, 2014, and (ii) the \$48.6 million of the \$107.0 million aggregate principal amount of the Senior Subordinated Term Loan that MacAndrews & Forbes contributed to Revlon, Inc. in connection with the October 2009 consummation of Revlon, Inc.’s exchange offer (the “Contributed Loan”), which remains due from Products Corporation to Revlon, Inc. and which matures on October 8, 2013.

On April 30, 2012, MacAndrews & Forbes exercised its right to assign its interest in the Non-Contributed Loan. In connection with such assignment, Products Corporation entered into an Amended and Restated Senior Subordinated Term Loan Agreement with MacAndrews & Forbes (the “Amended and Restated Senior Subordinated Term Loan Agreement”), and a related Administrative Letter was entered into with Citibank, N.A. and MacAndrews & Forbes, to among other things:

- modify the interest rate on the Non-Contributed Loan from its prior 12% fixed rate to a floating rate of LIBOR plus 7%, with a 1.5% LIBOR floor, resulting in an interest rate of approximately 8.5% per annum (or a 3.5% reduction per annum) upon the effectiveness of the Amended and Restated Senior Subordinated Term Loan Agreement. Interest under the Amended and Restated Senior Subordinated Term Loan Agreement is payable quarterly in arrears in cash;
- insert prepayment premiums such that Products Corporation may optionally prepay the Non-Contributed Loan (i) through October 31, 2013 with a prepayment premium based on a formula designed to provide the assignees of the Non-Contributed Loan with the present value, using a discount rate of 75 basis points over U.S. Treasuries, of the principal, premium and interest that would have accrued on the Non-Contributed Loan from any such prepayment date through October 31, 2013

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(provided that, pursuant to the loan's terms (both before and after giving effect to these amendments), no portion of the principal amount of the Non-Contributed Loan may be repaid prior to its October 8, 2014 maturity date unless and until all shares of Revlon, Inc.'s Series A Preferred Stock have been or are being concurrently redeemed and all payments due thereon are paid in full or are concurrently being paid in full), (ii) from November 1, 2013 through April 30, 2014 with a 2% prepayment premium on the aggregate principal amount of the Non-Contributed Loan being prepaid, and (iii) from May 1, 2014 through maturity on October 8, 2014 with no prepayment premium; and

- designate Citibank, N.A. as the administrative agent for the Non-Contributed Loan.

Concurrently with the effectiveness of the Amended and Restated Senior Subordinated Term Loan Agreement, MacAndrews & Forbes assigned its entire interest in the Non-Contributed Loan to several third parties.

Covenants

Products Corporation was in compliance with all applicable covenants under the 2011 Term Loan Agreement and 2011 Revolving Credit Agreement as of September 30, 2012. At September 30, 2012, the aggregate principal amount outstanding under the 2011 Term Loan Facility was \$790.0 million and availability under the \$140.0 million 2011 Revolving Credit Facility, based upon the calculated borrowing base less \$10.4 million of outstanding undrawn letters of credit and nil then drawn on the 2011 Revolving Credit Facility, was \$126.4 million. (See also Note 3, "Business Acquisition").

8. BASIC AND DILUTED (LOSS) EARNINGS PER COMMON SHARE

Shares used in basic (loss) earnings per share are computed using the weighted average number of common shares outstanding during each period. Shares used in diluted (loss) earnings per share include the dilutive effect of unvested restricted shares and outstanding stock options under the Stock Plan using the treasury stock method. For the three and nine months ended September 30, 2012 and 2011, all outstanding options to purchase shares of Revlon, Inc. Class A common stock, par value of \$0.01 per share (the "Class A Common Stock"), that could potentially dilute basic (loss) earnings per share in the future were excluded from the calculation of diluted (loss) earnings per common share as their effect would be anti-dilutive, as in each case their exercise price was in excess of the NYSE closing price of the Class A Common Stock at all times during these periods.

For the three months ended September 30, 2012 and 2011, 121 and 97,799 weighted average shares, respectively, of unvested restricted stock that could potentially dilute basic (loss) earnings per share in the future were excluded from the calculation of diluted (loss) earnings per common share as their effect would be anti-dilutive. For the nine months ended September 30, 2012 and 2011, 4,465 and 136,286 weighted average shares, respectively, of unvested restricted stock that could potentially dilute basic (loss) earnings per share in the future were excluded from the calculation of diluted (loss) earnings per common share as their effect would be anti-dilutive.

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The components of basic and diluted (loss) earnings per share for the three and nine months ended September 30, 2012 and 2011 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Numerator:				
(Loss) Income from continuing operations	\$ (15.0)	\$ 0.1	\$ 4.2	\$ 16.4
Income from discontinued operations	—	—	0.4	0.6
Net income	<u>\$ (15.0)</u>	<u>\$ 0.1</u>	<u>\$ 4.6</u>	<u>\$ 17.0</u>
Denominator:				
Weighted average common shares outstanding – Basic	52,356,641	52,182,848	52,345,895	52,170,839
Effect of dilutive restricted stock	—	163,009	11,016	148,815
Weighted average common shares outstanding – Diluted	<u>52,356,641</u>	<u>52,345,857</u>	<u>52,356,911</u>	<u>52,319,654</u>
Basic (loss) earnings per share:				
Continuing operations	\$ (0.29)	\$ —	\$ 0.08	\$ 0.31
Discontinued operations	—	—	0.01	0.01
Net (loss) income	<u>\$ (0.29)</u>	<u>\$ —</u>	<u>\$ 0.09</u>	<u>\$ 0.32</u>
Diluted (loss) earnings per share:				
Continuing operations	\$ (0.29)	\$ —	\$ 0.08	\$ 0.31
Discontinued operations	—	—	0.01	0.01
Net (loss) income	<u>\$ (0.29)</u>	<u>\$ —</u>	<u>\$ 0.09</u>	<u>\$ 0.32</u>

9. ACCUMULATED OTHER COMPREHENSIVE LOSS

The components of accumulated other comprehensive loss as of September 30, 2012 are as follows:

	Foreign Currency Translation	Actuarial (Loss) Gain on Post- retirement Benefits	Prior Service Cost on Post- retirement Benefits	Accumulated Other Comprehensive Loss
Balance January 1, 2012	\$ 24.8	\$ (225.6)	\$ (0.1)	\$ (200.9)
Currency translation adjustment, net of tax of \$0.7	0.3	—	—	0.3
Amortization of pension related costs, net of tax of \$(0.7) ^(a)	—	7.5	—	7.5
Other comprehensive income	0.3	7.5	—	7.8
Balance September 30, 2012	<u>\$ 25.1</u>	<u>\$ (218.1)</u>	<u>\$ (0.1)</u>	<u>\$ \$(193.1)</u>

^(a) The amounts represent the change in accumulated other comprehensive loss as a result of the amortization of actuarial losses during the first nine months of 2012 related to the Company's pension and other post-retirement benefit plans. Also included in this amount is a \$2.0 million reclassification adjustment recorded in the first quarter of 2012 related to deferred taxes on the amortization of actuarial losses.

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10. GEOGRAPHIC, FINANCIAL AND OTHER INFORMATION

The Company manages its business on the basis of one reportable operating segment. As of September 30, 2012, the Company had operations established in 14 countries outside of the U.S. and its products are sold throughout the world. Generally, net sales by geographic area are presented by attributing revenues from external customers on the basis of where the products are sold.

Geographic area:	Three Months Ended September 30,				Nine Months Ended September 30,			
	2012		2011		2012		2011	
Net sales:								
United States	\$ 192.0	55%	\$ 184.7	55%	\$ 580.6	56%	\$ 565.8	55%
Outside of the United States	155.0	45%	152.5	45%	454.2	44%	455.8	45%
	<u>\$347.0</u>		<u>\$337.2</u>		<u>\$1,034.8</u>		<u>\$1,021.6</u>	

Long-lived assets, net:	September 30, 2012		December 31, 2011	
	United States	\$ 433.1	90%	\$ 357.8
Outside of the United States	48.9	10%	48.5	12%
	<u>\$482.0</u>		<u>\$406.3</u>	

Classes of similar products:	Three Months Ended September 30,				Nine Months Ended September 30,			
	2012		2011		2012		2011	
Net sales:								
Color cosmetics	\$ 225.0	65%	\$ 206.8	61%	\$ 680.0	66%	\$ 649.1	64%
Beauty care and fragrance	122.0	35%	130.4	39%	354.8	34%	372.5	36%
	<u>\$347.0</u>		<u>\$337.2</u>		<u>\$1,034.8</u>		<u>\$1,021.6</u>	

11. FAIR VALUE MEASUREMENTS

Assets and liabilities are required to be categorized into three levels of fair value based upon the assumptions used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3, if applicable, generally would require significant management judgment. The three levels for categorizing the fair value measurement of assets and liabilities are as follows:

- Level 1: Fair valuing the asset or liability using observable inputs, such as quoted prices in active markets for identical assets or liabilities;
- Level 2: Fair valuing the asset or liability using inputs other than quoted prices that are observable for the applicable asset or liability, either directly or indirectly, such as quoted prices for similar (as opposed to identical) assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active; and
- Level 3: Fair valuing the asset or liability using unobservable inputs that reflect the Company's own assumptions regarding the applicable asset or liability.

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As of September 30, 2012, the fair values of the Company’s financial assets and liabilities that are required to be measured at fair value, namely its foreign currency forward exchange contracts (“FX Contracts”) are categorized in the table below:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Derivatives:				
FX Contracts ^(a)	\$ —	\$ —	\$ —	\$ —
Total assets at fair value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Liabilities:				
Derivatives:				
FX Contracts ^(a)	\$ 0.9	\$ —	\$ 0.9	\$ —
Total liabilities at fair value	<u>\$ 0.9</u>	<u>\$ —</u>	<u>\$ 0.9</u>	<u>\$ —</u>

As of December 31, 2011, the fair values of the Company’s financial assets and liabilities that are required to be measured at fair value, namely its FX Contracts and the Change of Control Amount (as hereinafter defined) associated with Revlon, Inc.’s Series A Preferred Stock, par value \$0.01 per share (“Preferred Stock”), are categorized in the table below:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets				
Derivatives:				
FX Contracts ^(a)	\$ 0.2	\$ —	\$ 0.2	\$ —
Total assets at fair value	<u>\$ 0.2</u>	<u>\$ —</u>	<u>\$ 0.2</u>	<u>\$ —</u>
Liabilities				
Derivatives:				
FX Contracts ^(a)	\$ 0.8	\$ —	\$ 0.8	\$ —
Change of Control Amount (Preferred Stock) ^(b)	0.2	—	—	0.2
Total liabilities at fair value	<u>\$ 1.0</u>	<u>\$ —</u>	<u>\$ 0.8</u>	<u>\$ 0.2</u>

^(a) The fair value of the Company’s FX Contracts was measured based on observable market transactions of spot and forward rates at September 30, 2012 and December 31, 2011. (See Note 12, “Financial Instruments,” in this Form 10-Q).

^(b) In October 2009, Revlon, Inc. consummated its voluntary exchange offer (as amended, the “2009 Exchange Offer”) in which, among other things, Revlon, Inc. issued to stockholders (other than MacAndrews & Forbes) 9,336,905 shares of its Preferred Stock in exchange for the same number of shares of Class A Common Stock tendered in the 2009 Exchange Offer. Upon consummation of the 2009 Exchange Offer, Revlon, Inc. initially recorded the Preferred Stock as a long-term liability at a fair value of \$47.9 million, which was comprised of two components:

- *Liquidation Preference:* Upon initial valuation of the Preferred Stock, the total amount to be paid by Revlon, Inc. at maturity is approximately \$48.6 million, which represents the \$5.21 liquidation preference for each of the 9,336,905 shares of Preferred Stock issued in the 2009 Exchange Offer (the “Liquidation Preference”). The Liquidation Preference was initially measured at fair value based on the yield to maturity of the \$48.6 million Contributed Loan portion of the Senior Subordinated Term Loan

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adjusted for an estimated average subordination premium for subordinated note issues. The Liquidation Preference is subsequently measured at the present value of the amount to be paid at maturity, accruing interest cost using the rate implicit at the issuance date since both the amount to be paid and the maturity date are fixed.

- *Change of Control Amount:* Holders of the Preferred Stock are entitled to receive upon a change of control transaction (as defined in the certificate of designation of the Preferred Stock) through October 8, 2012, a pro rata portion of the equity value received in such transaction, capped at an amount that would provide aggregate cash payments of \$12.00 per share over the term of the Preferred Stock. If the equity value received in the change of control transaction is greater than or equal to \$12.00 per share, then each holder of Preferred Stock will be entitled to receive an amount equal to \$12.00 minus the Liquidation Preference minus any paid and/or accrued and unpaid dividends on the Preferred Stock. If the per share equity value received in the change of control transaction is less than \$12.00, then each holder of Preferred Stock is entitled to receive an amount equal to such per share equity value minus the Liquidation Preference minus any paid and/or accrued and unpaid dividends on the Preferred Stock. If the per share equity value received in the change of control transaction does not exceed the Liquidation Preference plus any paid and/or accrued and unpaid dividends, then each holder of the Preferred Stock is not entitled to an additional payment upon any such change of control transaction (the foregoing payments being the "Change of Control Amount"). The fair value of the Change of Control Amount of the Preferred Stock, which was deemed to be a Level 3 liability, is based on the Company's assessment of the likelihood of the occurrence of specified change of control transactions within three years of the consummation of the 2009 Exchange Offer. As of October 8, 2012, holders of the Preferred Stock are no longer entitled to receive the Change of Control Amount as three years have passed without the occurrence of a change of control transaction. Accordingly, the Company reversed the liability for the Change of Control Amount of \$0.2 million which was included as income in miscellaneous, net in the Company's Statements of Operations and Comprehensive (Loss) Income for the three and nine months ended September 30, 2012.

As of September 30, 2012, the fair values of the Company's financial liabilities not measured at fair value but for which disclosure of fair value is required, namely its long-term debt, including the current portion of long-term debt, and Preferred Stock, are categorized in the table below:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Liabilities:				
Long-term debt, including current portion	\$1,194.0	\$ —	\$1,194.0	\$ —
Preferred Stock	49.3	—	49.3	—
Total liabilities at fair value	<u>\$1,243.3</u>	<u>\$ —</u>	<u>\$1,243.3</u>	<u>\$ —</u>

The fair value of the Company's long-term debt, including the current portion of long-term debt, and Preferred Stock is based on the quoted market prices for the same issues or on the current rates offered for debt of similar remaining maturities. The estimated fair value of such debt and Preferred Stock at September 30, 2012 was approximately \$1,243.3 million, which was more than the carrying value of such debt and Preferred Stock at September 30, 2012 of \$1,217.1 million. The estimated fair value of such debt and Preferred Stock at December 31, 2011 was approximately \$1,240.6 million, which was more than the carrying value of such debt and Preferred Stock at December 31, 2011 of \$1,221.8 million.

The carrying amounts of cash and cash equivalents, marketable securities, trade receivables, notes receivable, accounts payable and short-term borrowings approximate their fair values.

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12. FINANCIAL INSTRUMENTS

Products Corporation maintains standby and trade letters of credit for various corporate purposes under which Products Corporation is obligated, of which \$10.4 million and \$11.1 million (including amounts available under credit agreements in effect at that time) were maintained at September 30, 2012 and December 31, 2011, respectively. Included in these amounts is approximately \$8.7 million and \$9.1 million at September 30, 2012 and December 31, 2011, respectively, in standby letters of credit which support Products Corporation's self-insurance programs. The estimated liability under such programs is accrued by Products Corporation.

Derivative Financial Instruments

The Company uses derivative financial instruments, primarily FX Contracts intended for the purpose of managing foreign currency exchange risk by reducing the effects of fluctuations in foreign currency exchange rates on the Company's net cash flows.

The FX Contracts are entered into primarily to hedge the anticipated net cash flows resulting from inventory purchases and intercompany payments denominated in currencies other than the local currencies of the Company's foreign and domestic operations and generally have maturities of less than one year. The U.S. dollar notional amount of the FX Contracts outstanding at September 30, 2012 and December 31, 2011 was \$47.3 million and \$58.4 million, respectively.

While the Company may be exposed to credit loss in the event of the counterparty's non-performance, the Company's exposure is limited to the net amount that Products Corporation would have received, if any, from the counterparty over the remaining balance of the terms of the FX Contracts. The Company does not anticipate any non-performance and, furthermore, even in the case of any non-performance by the counterparty, the Company expects that any such loss would not be material.

Quantitative Information – Derivative Financial Instruments

The effects of the Company's derivative instruments on its consolidated financial statements were as follows:

(a) Fair Value of Derivative Financial Instruments in Consolidated Balance Sheet:

	Balance Sheet Classification	Assets		Liabilities		
		September 30, 2012 Fair Value	December 31, 2011 Fair Value	September 30, 2012 Fair Value	December 31, 2011 Fair Value	
<i>Derivatives not designated as hedging instruments:</i>						
FX Contracts ^(a)	Prepaid expenses and other	\$ —	\$ 0.2	Accrued expenses	\$ 0.9	\$ 0.8

^(a) The fair values of the FX Contracts at September 30, 2012 and December 31, 2011 were determined by using observable market transactions of spot and forward rates at September 30, 2012 and December 31, 2011, respectively.

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(b) Effects of Derivative Financial Instruments on income for the three and nine months ended September 30, 2012 and 2011:

	Amount of Gain (Loss) Recognized in Foreign Currency (Gains) Losses, Net			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
<i>Derivatives not designated as hedging instruments:</i>				
FX Contracts	\$ (0.9)	\$ 2.3	\$ (2.0)	\$ 0.5

13. INCOME TAXES

The provision for income taxes represents federal, foreign, state and local income taxes. The effective tax rate differs from the applicable federal statutory rate due to the effect of state and local income taxes, tax rates and income in foreign jurisdictions, utilization of tax loss carry-forwards, foreign earnings taxable in the U.S., nondeductible expenses and other items. The Company's tax provision changes quarterly based on various factors including, but not limited to, the geographical mix of earnings, enacted tax legislation, foreign, state and local income taxes, tax audit settlements, the ultimate disposition of deferred tax assets relating to stock-based compensation and the interaction of various global tax strategies. In addition, changes in judgment from the evaluation of new information resulting in the recognition, derecognition and/or re-measurement of a tax position taken in a prior period are recognized in the quarter in which any such change occurs.

For the third quarter of 2012 and 2011, the Company recorded a provision for income taxes for continuing operations of \$11.5 million and \$22.1 million, respectively. The \$10.6 million decrease in the provision for income taxes was primarily attributable to decreased pre-tax income and the absence of various discrete items that in the aggregate negatively affected the provision for income taxes in the third quarter of 2011 and did not recur in the third quarter of 2012.

For the first nine months of 2012 and 2011, the Company recorded a provision for income taxes for continuing operations of \$31.6 million and \$32.4 million, respectively. The \$0.8 million decrease in the provision for income taxes was primarily attributable to decreased pre-tax income.

The effective tax rate for the three and nine months ended September 30, 2012 is higher than the federal statutory rate of 35% due principally to: (a) the impact of certain expenses for which there is no tax benefit recognized and the impact of certain non-deductible expenses primarily related to the restructuring charges and the litigation loss contingency recorded during the third quarter and first nine months of 2012 (see Note 4, "Restructuring Charges" and Note 14, "Contingencies" in this Form 10-Q); (b) foreign dividends and earnings taxable in the U.S.; and (c) foreign and U.S. tax effects attributable to operations outside the U.S., including pre-tax losses in a number of jurisdictions outside the U.S. for which there is no tax benefit recognized in the third quarter and first nine months of 2012; partially offset by various discrete items, including the favorable resolution of tax matters in certain foreign jurisdictions.

The Company remains subject to examination of its income tax returns in various jurisdictions including, without limitation, South Africa for tax years ended December 31, 2008 through December 31, 2010, Australia for tax years ended December 31, 2008 through December 31, 2011 and the U.S. (federal) for tax years ended December 31, 2009 through December 31, 2011.

14. CONTINGENCIES

The Company is involved in various routine legal proceedings incident to the ordinary course of its business. The Company believes that the outcome of all pending legal proceedings in the aggregate is unlikely to

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have a material adverse effect on the Company's business, financial condition and/or its results of operations. However, in light of the uncertainties involved in legal proceedings generally, the ultimate outcome of a particular matter could be material to the Company's operating results for a particular period depending on, among other things, the size of the loss or the nature of the liability imposed and the level of the Company's income for that particular period.

As previously announced, on October 8, 2009, the Company consummated its voluntary exchange offer in which, among other things, Revlon, Inc. issued to stockholders who elected to exchange shares (other than MacAndrews & Forbes) 9,336,905 shares of its Preferred Stock in exchange for the same number of shares of Revlon, Inc. Class A Common Stock tendered in the Exchange Offer (the "Exchange Offer"). On April 24, 2009, May 1, 2009, May 5, 2009 and May 12, 2009, respectively, four purported class actions were filed by each of Vern Mercier, Arthur Jurkowitz, Suri Lefkowitz and T. Walter Heiser in the Court of Chancery of the State of Delaware (the "Chancery Court"). On May 4, 2009, a purported class action was filed by Stanley E. Sullivan in the Supreme Court of New York, New York County. Each such lawsuit was brought against Revlon, Inc., Revlon, Inc.'s then directors and MacAndrews & Forbes, and challenged a merger proposal which MacAndrews & Forbes made on April 13, 2009, which would have resulted in MacAndrews & Forbes and certain of its affiliates owning 100% of Revlon, Inc.'s outstanding Common Stock (in lieu of consummating such merger proposal, the Company consummated the aforementioned Exchange Offer). Each action sought, among other things, to enjoin the proposed merger transaction. On June 24, 2009, the Chancery Court consolidated the four Delaware actions (the "Initial Consolidated Action"), and appointed lead counsel for plaintiffs. As announced on August 10, 2009, an agreement in principle was reached to settle the Initial Consolidated Action, as set forth in a Memorandum of Understanding (as amended in September 2009, the "2009 Settlement Agreement").

On December 24, 2009, an amended complaint was filed in the Sullivan action alleging, among other things, that defendants should have disclosed in the Company's Offer to Exchange for the Exchange Offer information regarding the Company's financial results for the fiscal quarter ended September 30, 2009. On January 6, 2010, an amended complaint was filed by plaintiffs in the Initial Consolidated Action making allegations similar to those in the amended Sullivan complaint. Revlon initially believed that by filing the amended complaint, plaintiffs in the Initial Consolidated Action had formally repudiated the 2009 Settlement Agreement, and on January 8, 2010, defendants filed a motion to enforce the 2009 Settlement Agreement.

In addition to the amended complaints in the Initial Consolidated Action and the Sullivan action, on December 21, 2009, certain of Revlon, Inc.'s current directors, a former director and MacAndrews & Forbes were named as defendants in a purported class action filed in the Chancery Court by Edward Gutman. Also on December 21, 2009, a second purported class action was filed in the Chancery Court against certain of Revlon, Inc.'s current directors and a former director by Lawrence Corneck. The Gutman and Corneck actions make allegations similar to those in the amended complaints in the Sullivan action and the Initial Consolidated Action. On January 15, 2010, the Chancery Court consolidated the Gutman and Corneck actions with the Initial Consolidated Action (the Initial Consolidated Action, as consolidated with the Gutman and Corneck actions, is hereafter referred to as the "Consolidated Action"). A briefing schedule was then set to determine the leadership structure for plaintiffs in the Consolidated Action.

On March 16, 2010, after hearing oral argument on the leadership issue, the Chancery Court changed the leadership structure for plaintiffs in the Consolidated Action. Thereafter, newly appointed counsel for the plaintiffs in the Consolidated Action and the defendants agreed that the defendants would withdraw their motion to enforce the 2009 Settlement Agreement and that merits discovery would proceed. Defendants agreed not to withdraw any of the concessions that had been provided to the plaintiffs as part of the 2009 Settlement Agreement.

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On May 25, 2010, plaintiffs' counsel in the Consolidated Action filed an amended complaint alleging breaches of fiduciary duties arising out of the Exchange Offer and that defendants should have disclosed in the Company's Offer to Exchange information regarding the Company's financial results for the fiscal quarter ended September 30, 2009. On January 10, 2012, plaintiffs' counsel filed a motion for class certification. Briefing on that motion was not completed. Merits discovery proceeded in the Consolidated Action.

On December 31, 2009, a purported class action was filed in the U.S. District Court for the District of Delaware by John Garofalo against Revlon, Inc., certain of Revlon, Inc.'s current directors, a former director and MacAndrews & Forbes alleging federal and state law claims stemming from the alleged failure to disclose in the Offer to Exchange certain information relating to the Company's financial results for the fiscal quarter ended September 30, 2009. On July 29, 2011, the plaintiff in this action filed an amended complaint. On January 31, 2012, defendants filed motions to dismiss the amended complaint in the Garofalo action. On March 2, 2012, the plaintiff in the Garofalo action filed a response opposing defendants' motions to dismiss, and a motion alternatively seeking leave to amend and file a second amended complaint. Briefing is complete on the motions to dismiss and motion to amend and defendants requested oral argument. Defendants previously reached an agreement with the plaintiff in the Garofalo action to permit the plaintiff to participate in merits discovery in the Consolidated Action, and agreed to permit the plaintiff to continue to participate in the merits discovery while the motions to dismiss are pending. An agreement was also reached with the plaintiff in the Sullivan action to stay proceedings in that action, including any response to the amended complaint, until December 21, 2012, so that the plaintiff could participate in the merits discovery in the Consolidated Action.

On May 11, 2010, a purported derivative action was filed in the U.S. District Court for the District of Delaware by Richard Smutek, derivatively and on behalf of Revlon, Inc. against Revlon, Inc.'s then current directors and MacAndrews & Forbes alleging breach of fiduciary duty in allowing the Exchange Offer to proceed and failing to disclose in the Offer to Exchange certain information related to the Company's financial results for the fiscal quarter ended September 30, 2009. On August 16, 2010, defendants moved to dismiss the complaint. Briefing on defendants' motions to dismiss was completed on December 10, 2010. Thereafter, the parties requested oral argument on the motions to dismiss. On September 27, 2010, plaintiff filed a motion to compel discovery. In response, defendants moved to strike plaintiff's motion to compel discovery or, in the alternative, for an extension of time for defendants to respond to plaintiff's motion. On October 17, 2011, the U.S. District Court for the District of Delaware denied plaintiff's motion to compel and granted defendants' motion to strike.

Plaintiffs in each of these actions sought, among other things, an award of damages and the costs and disbursements of such actions, including a reasonable allowance for the fees and expenses of each such plaintiff's attorneys and experts. Because the Smutek action is styled as a derivative action on behalf of the Company, any award of damages, costs and disbursements would be made to and for the benefit of the Company.

Although the Company disputes the allegations in the pending actions and believes them to be without merit, on June 21, 2012, without admitting any liability, Revlon, Inc., Revlon, Inc.'s then directors and MacAndrews & Forbes (collectively, "Defendants") entered into a binding Memorandum of Understanding ("MOU") with Fidelity Management & Research Company ("FMR Co.") and its investment advisory affiliates, all of which are direct or indirect subsidiaries of FMR LLC (collectively, "Fidelity"), which through various funds and management agreements controlled the largest block of shares to participate in the Exchange Offer, to settle potential claims Fidelity could have as a potential member of the classes that plaintiffs seek to certify in the pending actions.

Fidelity executed the MOU on behalf of 6,111,879 shares (the "Fidelity Controlled Shares") out of the 6,933,526 shares (the "Fidelity Shares") of the Company's Class A Common Stock that Fidelity exchanged in the Exchange Offer, and pursuant to the terms of the MOU, the remaining 821,647 shares agreed on July 12, 2012, to

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participate in the settlement. As part of the settlement, Fidelity agreed, among other things, to accept a cash payment from Defendants of \$22.5 million (the "Fidelity Settlement Amount"), which amount was subsequently paid from insurance proceeds in July 2012, in exchange for Fidelity's opting out with respect to the Fidelity Shares of any purported class action related to the Exchange Offer and Fidelity's release of all related potential claims. On July 20, 2012, Fidelity and the Defendants executed a final Stipulation and Settlement Agreement (the "Stipulation") the terms of which are substantively identical to the terms of the MOU. The Stipulation supersedes the MOU. In addition, on July 17, 2012, the Defendants entered into a binding MOU with two additional stockholders who collectively exchanged 310,690 shares in the Exchange Offer, the terms of which are substantively identical to the settlement with Fidelity and call for the payment of \$1 million, in the aggregate, to the two stockholders. In August 2012, Defendants and the two additional stockholders executed a final Stipulation and Settlement Agreement which supersedes, and is substantively identical to, the MOU. The \$1 million payment was subsequently paid from insurance proceeds in August 2012.

In the second quarter of 2012, the Company recorded a charge and corresponding income from insurance proceeds related to the Company's estimated allocable portion of the Fidelity Settlement Amount and the additional \$1 million payment, which resulted in no impact to the Company's Statement of Operations and Comprehensive (Loss) Income for the second quarter of 2012.

The Defendants also agreed with Fidelity and the two additional stockholders (together, the "settling stockholders") that, in the event a settlement is reached with the purported class action plaintiffs, or an award of damages is issued following a trial in any of the actions, and that settlement amount or damage award exceeds the settlement amounts on a per share basis received by the settling stockholders, the settling stockholders would each receive additional consideration subject to certain parameters. The agreements with the settling stockholders are not subject to court approval and have no effect on the actions other than to exclude the settling stockholders from any certified class.

Although the Company continues to believe it has meritorious defenses to the asserted claims in the actions, the Defendants and plaintiffs agreed to the terms of a settlement and on October 8, 2012, executed settlement agreements that, if approved by the courts to which they are presented, will resolve all claims in all of the actions (the "Settlement").

The Settlement provides that the Defendants will make net cash payments totaling approximately \$9.2 million to settle all of the actions, and full and complete releases will be provided to Defendants from all plaintiffs. If approved by the courts, the Settlement will also result in additional payments to the settling stockholders totaling approximately \$4.2 million, of which approximately \$4 million will be paid to Fidelity.

As previously disclosed in the Q2 2012 Form 10-Q, in the second quarter of 2012, the Company recorded a charge of \$6.7 million with respect to the Company's then-estimated costs of resolving the actions, including the Company's estimate at that time of additional payments to be made to the settling stockholders. In addition to the charge of \$6.7 million it recorded in the second quarter of 2012, the Company has recorded an additional charge of \$2.2 million in the third quarter of 2012 in connection with payments to be made by the Company as a result of the Settlement and the additional payments to be made to the settling stockholders. This additional charge is included within SG&A expenses in the Company's Statements of Operations and Comprehensive (Loss) Income for the three and nine months ended September 30, 2012.

There can be no assurance as to the amount, if any, of additional insurance proceeds that the Company may receive in connection with its resolution of the actions. In any event, at least \$5 million of future payments to be made by the Defendants relating to these matters, including expenses, will not be covered by insurance.

The Settlement is subject to court approval.

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15. RELATED PARTY TRANSACTIONS

Senior Subordinated Term Loan

For a description of transactions with MacAndrews & Forbes in 2012 in connection with the Senior Subordinated Term Loan, including MacAndrews & Forbes assigning its interest in the Non-Contributed Loan to various third parties, see Note 7, “Long Term Debt and Redeemable Preferred Stock” in this Form 10-Q.

Reimbursement Agreements

As previously disclosed in the 2011 Form 10-K, Revlon, Inc., Products Corporation and MacAndrews & Forbes Inc. (a wholly-owned subsidiary of MacAndrews & Forbes Holdings) have entered into reimbursement agreements (the “Reimbursement Agreements”) pursuant to which (i) MacAndrews & Forbes Inc. is obligated to provide (directly or through its affiliates) certain professional and administrative services, including, without limitation, employees, to Revlon, Inc. and its subsidiaries, including, without limitation, Products Corporation, and to purchase services from third party providers, such as insurance, legal, accounting and air transportation services, on behalf of Revlon, Inc. and its subsidiaries, including Products Corporation, to the extent requested by Products Corporation, and (ii) Products Corporation is obligated to provide certain professional and administrative services, including, without limitation, employees, to MacAndrews & Forbes and to purchase services from third party providers, such as insurance, legal and accounting services, on behalf of MacAndrews & Forbes to the extent requested by MacAndrews & Forbes, provided that in each case the performance of such services does not cause an unreasonable burden to MacAndrews & Forbes or Products Corporation, as the case may be.

The Company reimburses MacAndrews & Forbes for the allocable costs of the services purchased for or provided by MacAndrews & Forbes to the Company and its subsidiaries and for the reasonable out-of-pocket expenses incurred by MacAndrews & Forbes in connection with the provision of such services. MacAndrews & Forbes reimburses Products Corporation for the allocable costs of the services purchased for or provided by Products Corporation to MacAndrews & Forbes and for the reasonable out-of-pocket expenses incurred in connection with the purchase or provision of such services. Each of the Company, on the one hand, and MacAndrews & Forbes Inc., on the other, has agreed to indemnify the other party for losses arising out of the services provided by it under the Reimbursement Agreements, other than losses resulting from its willful misconduct or gross negligence.

The Reimbursement Agreements may be terminated by either party on 90 days’ notice. The Company does not intend to request services under the Reimbursement Agreements unless their costs would be at least as favorable to the Company as could be obtained from unaffiliated third parties.

The Company participates in MacAndrews & Forbes’ directors and officers liability insurance program (the “D&O Insurance Program”), as well as its other insurance coverages, such as property damage, business interruption, liability and other coverages, which cover the Company, as well as MacAndrews & Forbes and its subsidiaries. The limits of coverage for certain of the policies are available on an aggregate basis for losses to any or all of the participating companies and their respective directors and officers. The Company reimburses MacAndrews & Forbes from time to time for their allocable portion of the premiums for such coverage or the Company pays the insurers directly, which premiums the Company believes are more favorable than the premiums the Company would pay were it to secure stand-alone coverage. Any amounts paid by the Company directly to MacAndrews & Forbes in respect of premiums are included in the amounts paid under the Reimbursement Agreements.

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The net activity related to services provided and/or purchased under the Reimbursement Agreements during the nine months ended September 30, 2012 was \$3.3 million, which primarily includes \$18.0 million of costs incurred by the Company that were reimbursed by MacAndrews & Forbes from proceeds received from the D&O Insurance Program, partially offset by a \$14.6 million partial pre-payment made by the Company to MacAndrews & Forbes during the first quarter of 2012 for premiums related to the Company's allocable portion of the 5-year renewal of the D&O Insurance Program (for the period from January 31, 2012 through January 31, 2017). As of September 30, 2012, a \$0.6 million receivable from MacAndrews & Forbes was included within prepaid expenses and other in the Company's Consolidated Balance Sheets for transactions subject to the Reimbursement Agreements. The net activity related to services provided and/or purchased under the Reimbursement Agreements during the nine months ended September 30, 2011 was \$0.3 million.

Fidelity Stockholders Agreement

In connection with the 2004 Revlon Exchange Transactions, Revlon, Inc. and Fidelity Management & Research Co. ("Fidelity"), a wholly-owned subsidiary of FMR LLC ("FMR"), entered into a stockholders agreement (the "Fidelity Stockholders Agreement") pursuant to which, among other things, Revlon, Inc. (i) agreed to continue to maintain a majority of independent directors (as defined by NYSE listing standards) on its Board of Directors, as it currently does; (ii) established and maintains its Nominating and Corporate Governance Committee of the Board of Directors; and (iii) agreed to certain restrictions with respect to its conducting any business or entering into any transactions or series of related transactions with any of its affiliates, any holders of 10% or more of the outstanding voting stock or any affiliates of such holders (in each case, other than its subsidiaries). The Fidelity Stockholders Agreement terminates, by its terms, when Fidelity ceases to be the beneficial holder of at least 5% of Revlon, Inc.'s outstanding voting stock. In November 2009, affiliates of Fidelity filed a Schedule 13G/A with the SEC disclosing that they ceased to own any shares of Class A Common Stock. In 2010, Fidelity advised the Company that, as of the April 8, 2010 record date for Revlon, Inc.'s 2010 Annual Stockholders' Meeting, FMR (singly or together with other affiliates of Fidelity) owned 8,233,526 shares of Revlon, Inc.'s outstanding Class A common stock and Revlon, Inc.'s Series A Preferred Stock, in the aggregate, representing approximately 9.2% of Revlon, Inc.'s issued and outstanding shares of voting capital stock at such date. Subsequently, however, Fidelity filed a Schedule 13F with the SEC on August 28, 2012, indicating that it owned 1,013,000 shares of Class A Common Stock as of June 30, 2012. The Company does not know how many shares of Series A Preferred Stock Fidelity currently owns, and there is no public record of such ownership. For a description of transactions with Fidelity in 2012 in connection with certain pending legal proceedings, including a description of Fidelity's ownership of Series A Preferred Stock upon the consummation of the Exchange Offer, see Note 14, "Contingencies" in this Form 10-Q.

Other

As disclosed in Note 14, "Contingencies" in this Form 10-Q, in the second and third quarters of 2012, the Company and MacAndrews & Forbes entered into settlement agreements in connection with the previously disclosed litigation related to the Company's 2009 Exchange Offer that would result, if the settlements are approved by the applicable courts, in total cash payments of approximately \$36.9 million to settle all actions and related claims by stockholders, of which \$23.5 million have been paid from insurance proceeds. There can be no assurance as to the amount, if any, of additional insurance proceeds that the Company and MacAndrews & Forbes may receive in connection with resolution of the actions. In any event, at least \$5 million of future payments relating to these matters, including expenses, will not be covered by insurance. Therefore, the Company has recorded a cumulative charge of \$8.9 million in the nine months ended September 30, 2012 which represents the Company's allocable portion of the total settlement payments not currently covered by insurance.

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16. GUARANTOR FINANCIAL INFORMATION

Products Corporation's 9³/₄% Senior Secured Notes are fully and unconditionally guaranteed on a senior secured basis by Revlon, Inc. and Products Corporation's domestic subsidiaries (other than certain immaterial subsidiaries) that guarantee Products Corporation's obligations under its 2011 Credit Agreements (the "Guarantor Subsidiaries").

The following Condensed Consolidating Financial Statements present the financial information as of September 30, 2012 and December 31, 2011, and for the three and nine months ended September 30, 2012 and 2011 for (i) Products Corporation on a stand-alone basis; (ii) the Guarantor Subsidiaries on a stand-alone basis; (iii) the subsidiaries of Products Corporation that do not guarantee Products Corporation's 9³/₄% Senior Secured Notes (the "Non-Guarantor Subsidiaries") on a stand-alone basis; and (iv) Products Corporation, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries on a consolidated basis. The Condensed Consolidating Financial Statements are presented on the equity method, under which the investments in subsidiaries are recorded at cost and adjusted for the applicable share of the subsidiary's cumulative results of operations, capital contributions, distributions and other equity changes. The principal elimination entries eliminate investments in subsidiaries and intercompany balances and transactions.

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Condensed Consolidating Balance Sheets

As of September 30, 2012

	Products Corporation	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	\$ 10.3	\$ —	\$ 34.9	\$ —	\$ 45.2
Trade receivables, less allowances for doubtful accounts	78.2	25.1	92.4	—	195.7
Inventories	87.4	12.7	43.3	—	143.4
Deferred income taxes – current	39.3	—	10.4	—	49.7
Prepaid expenses and other	95.2	6.3	26.2	—	127.7
Intercompany receivables	958.4	473.7	390.4	(1,822.5)	—
Investment in subsidiaries	(123.9)	(228.0)	—	351.9	—
Property, plant and equipment, net	86.9	0.6	12.4	—	99.9
Deferred income taxes – noncurrent	185.8	—	13.5	—	199.3
Goodwill	150.6	65.2	1.9	—	217.7
Other assets	64.1	66.4	31.7	—	162.2
Total assets	<u>\$ 1,632.3</u>	<u>\$ 422.0</u>	<u>\$ 657.1</u>	<u>\$ (1,470.6)</u>	<u>\$ 1,240.8</u>
LIABILITIES AND STOCKHOLDER'S DEFICIENCY					
Short-term borrowings	\$ —	\$ 5.8	\$ 2.5	\$ —	\$ 8.3
Current portion of long-term debt	8.0	—	—	—	8.0
Accounts payable	65.8	7.1	28.9	—	101.8
Accrued expenses and other	147.0	15.1	93.8	—	255.9
Intercompany payables	596.5	633.6	592.4	(1,822.5)	—
Long-term debt	1,160.8	—	—	—	1,160.8
Long-term debt – affiliates	48.6	—	—	—	48.6
Other long-term liabilities	217.9	2.9	48.9	—	269.7
Total liabilities	2,244.6	664.5	766.5	(1,822.5)	1,853.1
Stockholder's deficiency	(612.3)	(242.5)	(109.4)	351.9	(612.3)
Total liabilities and stockholder's deficiency	<u>\$ 1,632.3</u>	<u>\$ 422.0</u>	<u>\$ 657.1</u>	<u>\$ (1,470.6)</u>	<u>\$ 1,240.8</u>

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Condensed Consolidating Balance Sheets

As of December 31, 2011

	Products Corporation	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	\$ 57.7	\$ 0.1	\$ 43.9	\$ —	\$ 101.7
Trade receivables, less allowances for doubtful accounts	107.1	18.2	86.7	—	212.0
Inventories	68.3	8.4	34.3	—	111.0
Deferred income taxes – current	40.0	—	9.6	—	49.6
Prepaid expenses and other	78.3	4.2	25.1	—	107.6
Intercompany receivables	907.6	445.5	362.4	(1,715.5)	—
Investment in subsidiaries	(164.2)	(193.0)	—	357.2	—
Property, plant and equipment, net	85.2	0.9	12.8	—	98.9
Deferred income taxes – noncurrent	206.9	—	14.5	—	221.4
Goodwill	150.6	42.2	1.9	—	194.7
Other assets	53.6	24.5	31.1	—	109.2
Total assets	<u>\$ 1,591.1</u>	<u>\$ 351.0</u>	<u>\$ 622.3</u>	<u>\$ (1,358.3)</u>	<u>\$ 1,206.1</u>
LIABILITIES AND STOCKHOLDER'S DEFICIENCY					
Short-term borrowings	\$ —	\$ 3.6	\$ 2.3	\$ —	\$ 5.9
Current portion of long-term debt	8.0	—	—	—	8.0
Accounts payable	56.0	3.9	29.1	—	89.0
Accrued expenses and other	150.8	10.8	68.4	—	230.0
Intercompany payables	559.0	609.9	546.6	(1,715.5)	—
Long-term debt	1,107.0	—	—	—	1,107.0
Long-term debt – affiliates	107.0	—	—	—	107.0
Other long-term liabilities	244.9	5.3	50.6	—	300.8
Total liabilities	2,232.7	633.5	697.0	(1,715.5)	1,847.7
Stockholder's deficiency	(641.6)	(282.5)	(74.7)	357.2	(641.6)
Total liabilities and stockholder's deficiency	<u>\$ 1,591.1</u>	<u>\$ 351.0</u>	<u>\$ 622.3</u>	<u>\$ (1,358.3)</u>	<u>\$ 1,206.1</u>

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Condensed Consolidating Statement of Operations and Comprehensive (Loss) Income

For the Three Months Ended September 30, 2012

	<u>Products Corporation</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Net Sales	\$ 221.1	\$ 34.0	\$ 141.3	\$ (49.4)	\$ 347.0
Cost of sales	101.8	15.6	59.0	(49.4)	127.0
Gross profit	119.3	18.4	82.3	—	220.0
Selling, general and administrative expenses	100.0	13.0	61.7	—	174.7
Restructuring charges	1.2	0.5	19.3	—	21.0
Operating income	18.1	4.9	1.3	—	24.3
Other expenses (income):					
Intercompany interest, net	0.2	(0.3)	1.6	—	1.5
Interest expense	19.6	0.2	0.1	—	19.9
Amortization of debt issuance costs	0.9	—	—	—	0.9
Foreign currency (gains) losses, net	(1.1)	0.1	0.9	—	(0.1)
Miscellaneous, net	(27.2)	13.7	13.6	—	0.1
Other expenses (income), net	(7.6)	13.7	16.2	—	22.3
Income (loss) from continuing operations before income taxes	25.7	(8.8)	(14.9)	—	2.0
Provision for income taxes	6.4	2.3	3.3	—	12.0
Income (loss) from continuing operations	19.3	(11.1)	(18.2)	—	(10.0)
Equity in loss of subsidiaries	(29.3)	(25.2)	—	54.5	—
Net (loss)	<u>\$ (10.0)</u>	<u>\$ (36.3)</u>	<u>\$ (18.2)</u>	<u>\$ 54.5</u>	<u>\$ (10.0)</u>
Other comprehensive (loss)	(0.1)	(2.8)	(3.4)	6.2	(0.1)
Total comprehensive (loss)	<u>\$ (10.1)</u>	<u>\$ (39.1)</u>	<u>\$ (21.6)</u>	<u>\$ 60.7</u>	<u>\$ (10.1)</u>

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Condensed Consolidating Statement of Operations and Comprehensive (Loss) Income

For the Three Months Ended September 30, 2011

	<u>Products Corporation</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Net Sales	\$ 212.2	\$ 28.1	\$ 139.7	\$ (42.8)	\$ 337.2
Cost of sales	98.9	13.3	53.7	(42.8)	123.1
Gross profit	113.3	14.8	86.0	—	214.1
Selling, general and administrative expenses	96.5	11.8	59.4	—	167.7
Operating income	16.8	3.0	26.6	—	46.4
Other expenses (income):					
Intercompany interest, net	—	(0.3)	1.8	—	1.5
Interest expense	20.2	0.1	0.1	—	20.4
Amortization of debt issuance costs	0.8	—	—	—	0.8
Loss on early extinguishment of debt, net	—	—	—	—	—
Foreign currency gains, net	(0.2)	—	(0.7)	—	(0.9)
Miscellaneous, net	(8.5)	(3.8)	12.5	—	0.2
Other expenses (income), net	12.3	(4.0)	13.7	—	22.0
Income from continuing operations before income taxes	4.5	7.0	12.9	—	24.4
Provision for (benefit from) income taxes	12.5	(0.5)	7.1	—	19.1
(Loss) income from continuing operations	(8.0)	7.5	5.8	—	5.3
Equity in income of subsidiaries	13.3	1.5	—	(14.8)	—
Net income	<u>\$ 5.3</u>	<u>\$ 9.0</u>	<u>\$ 5.8</u>	<u>\$ (14.8)</u>	<u>\$ 5.3</u>
Other comprehensive (loss)	(8.0)	(9.0)	(13.8)	22.8	(8.0)
Total comprehensive (loss)	<u>\$ (2.7)</u>	<u>\$ —</u>	<u>\$ (8.0)</u>	<u>\$ 8.0</u>	<u>\$ (2.7)</u>

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Condensed Consolidating Statement of Operations and Comprehensive (Loss) Income

For the Nine Months Ended September 30, 2012

	Products Corporation	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net Sales	\$ 680.7	\$ 83.0	\$ 417.5	\$ (146.4)	\$ 1,034.8
Cost of sales	309.4	38.1	166.0	(146.4)	367.1
Gross profit	371.3	44.9	251.5	—	667.7
Selling, general and administrative expenses	303.1	35.0	186.3	—	524.4
Restructuring charges	1.2	0.5	19.3	—	21.0
Operating income	67.0	9.4	45.9	—	122.3
Other expenses (income):					
Intercompany interest, net	0.7	(0.7)	4.6	—	4.6
Interest expense	58.9	0.3	0.3	—	59.5
Amortization of debt issuance costs	2.6	—	—	—	2.6
Foreign currency (gains) losses, net	(1.0)	0.3	2.7	—	2.0
Miscellaneous, net	(60.3)	7.5	53.2	—	0.4
Other expenses (income), net	0.9	7.4	60.8	—	69.1
Income (loss) from continuing operations before income taxes	66.1	2.0	(14.9)	—	53.2
Provision for income taxes	21.9	5.1	6.1	—	33.1
Income (loss) from continuing operations	44.2	(3.1)	(21.0)	—	20.1
Income from discontinued operations, net of taxes	0.4	—	—	—	0.4
Equity in loss of subsidiaries	(24.1)	(25.7)	—	49.8	—
Net income (loss)	\$ 20.5	\$ (28.8)	\$ (21.0)	\$ 49.8	\$ 20.5
Other comprehensive income	7.8	2.7	1.9	(4.6)	7.8
Total comprehensive income (loss)	\$ 28.3	\$ (26.1)	\$ (19.1)	\$ 45.2	\$ 28.3

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Condensed Consolidating Statement of Operations and Comprehensive (Loss) Income

For the Nine Months Ended September 30, 2011

	Products Corporation	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net Sales	\$ 659.2	\$ 71.8	\$ 420.4	\$ (129.8)	\$ 1,021.6
Cost of sales	295.6	33.2	159.3	(129.8)	358.3
Gross profit	363.6	38.6	261.1	—	663.3
Selling, general and administrative expenses	300.4	31.4	188.3	—	520.1
Operating income	63.2	7.2	72.8	—	143.2
Other expenses (income):					
Intercompany interest, net	(0.1)	(0.8)	5.5	—	4.6
Interest expense	64.2	0.2	0.3	—	64.7
Amortization of debt issuance costs	2.9	—	—	—	2.9
Loss on early extinguishment of debt, net	11.3	—	—	—	11.3
Foreign currency (gains) losses, net	(1.4)	0.4	3.4	—	2.4
Miscellaneous, net	(43.1)	3.4	40.9	—	1.2
Other expenses, net	33.8	3.2	50.1	—	87.1
Income from continuing operations before income taxes	29.4	4.0	22.7	—	56.1
Provision for income taxes	16.6	1.9	13.1	—	31.6
Income from continuing operations	12.8	2.1	9.6	—	24.5
Income from discontinued operations, net of taxes	0.6	—	—	—	0.6
Equity in income of subsidiaries	11.7	0.4	—	(12.1)	—
Net income	\$ 25.1	\$ 2.5	\$ 9.6	\$ (12.1)	\$ 25.1
Other comprehensive (loss)	(6.0)	(8.8)	(14.4)	23.2	(6.0)
Total comprehensive income (loss)	\$ 19.1	\$ (6.3)	\$ (4.8)	\$ 11.1	\$ 19.1

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Condensed Consolidating Statement of Cash Flows

For the Nine Months Ended September 30, 2012

	<u>Products Corporation</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net cash (used in) provided by operating activities	\$ (37.9)	\$ 63.7	\$ (7.9)	\$ —	\$ 17.9
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures	(13.0)	(0.3)	(1.5)	—	(14.8)
Business acquisition	—	(66.2)	—	—	(66.2)
Proceeds from the sale of certain assets	0.1	0.4	0.1	—	0.6
Net cash used in investing activities	(12.9)	(66.1)	(1.4)	—	(80.4)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Net increase in short-term borrowings and overdraft	10.0	2.3	0.2	—	12.5
Repayments under the 2011 Term Loan Facility	(6.0)	—	—	—	(6.0)
Payment of financing costs	(0.1)	—	—	—	(0.1)
Other financing activities	(0.5)	—	(0.2)	—	(0.7)
Net cash provided by financing activities	3.4	2.3	—	—	5.7
Effect of exchange rate changes on cash and cash equivalents	—	—	0.3	—	0.3
Net decrease in cash and cash equivalents	(47.4)	(0.1)	(9.0)	—	(56.5)
Cash and cash equivalents at beginning of period	57.7	0.1	43.9	—	101.7
Cash and cash equivalents at end of period	<u>\$ 10.3</u>	<u>\$ —</u>	<u>\$ 34.9</u>	<u>\$ —</u>	<u>\$ 45.2</u>

REVLON, INC. AND SUBSIDIARIES
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Condensed Consolidating Statement of Cash Flows

For the Nine Months Ended September 30, 2011

	<u>Products Corporation</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net cash provided by (used in) operating activities	\$ 6.1	\$ 34.9	\$ (20.8)	\$ —	\$ 20.2
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures	(8.2)	(0.2)	(1.2)	—	(9.6)
Business acquisition	—	(39.0)	—	—	(39.0)
Proceeds from sales of certain assets	0.1	—	0.1	—	0.2
Net cash used in investing activities	(8.1)	(39.2)	(1.1)	—	(48.4)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Net increase in short-term borrowings and overdraft	4.1	4.3	1.6	—	10.0
Repayments under the 2010 Term Loan Facility	(794.0)	—	—	—	(794.0)
Borrowings under the 2011 Term Loan Facility	796.0	—	—	—	796.0
Repayment under the 2011 Term Loan Facility	(2.0)	—	—	—	(2.0)
Payment of financing costs	(4.2)	—	—	—	(4.2)
Other financing activities	(0.5)	—	(0.7)	—	(1.2)
Net cash (used in) provided by financing activities	(0.6)	4.3	0.9	—	4.6
Effect of exchange rate changes on cash and cash equivalents	—	—	(3.2)	—	(3.2)
Net decrease in cash and cash equivalents	(2.6)	—	(24.2)	—	(26.8)
Cash and cash equivalents at beginning of period	20.5	0.1	56.1	—	76.7
Cash and cash equivalents at end of period	<u>\$ 17.9</u>	<u>\$ 0.1</u>	<u>\$ 31.9</u>	<u>\$ —</u>	<u>\$ 49.9</u>

REVLON, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
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(all tabular amounts in millions, except share and per share amounts)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Overview of the Business

The Company (as defined below) is providing this overview in accordance with the SEC's December 2003 interpretive guidance regarding Management's Discussion and Analysis of Financial Condition and Results of Operations.

Revlon, Inc. (and together with its subsidiaries, the "Company") conducts its business exclusively through its direct wholly-owned operating subsidiary, Revlon Consumer Products Corporation ("Products Corporation"), and its subsidiaries. Revlon, Inc. is a direct and indirect majority-owned subsidiary of MacAndrews & Forbes Holdings Inc. ("MacAndrews & Forbes Holdings" and together with certain of its affiliates other than the Company, "MacAndrews & Forbes"), a corporation wholly-owned by Ronald O. Perelman.

The Company's vision is glamour, excitement and innovation through high-quality products at affordable prices. The Company operates in a single segment and manufactures, markets and sells an extensive array of cosmetics, women's hair color, beauty tools, anti-perspirant deodorants, fragrances, skincare and other beauty care products. The Company is one of the world's leading cosmetics companies in the mass retail channel (as hereinafter defined). The Company believes that its global brand name recognition, product quality and marketing experience have enabled it to create one of the strongest consumer brand franchises in the world.

The Company's products are sold worldwide and marketed under such brand names as **Revlon**, including the **Revlon ColorStay**, **Revlon PhotoReady**, **Revlon ColorBurst**, **Revlon GrowLuscious**, **Revlon Super Lustrous** and **Revlon Age Defying** franchises; **Almay**, including the **Almay Intense i-Color** and **Almay Smart Shade** franchises; **SinfulColors**, **Pure Ice** and **Bon Bons** in cosmetics; **Revlon ColorSilk** in women's hair color; **Revlon** in beauty tools; **Mitchum** in anti-perspirant deodorants; **Charlie** and **Jean Naté** in fragrances; and **Ultima II** and **Gatineau** in skincare.

The Company's principal customers include large mass volume retailers and chain drug and food stores (collectively, the "mass retail channel") in the U.S., as well as certain department stores and other specialty stores, such as perfumeries, outside the U.S. The Company also sells beauty products to U.S. military exchanges and commissaries and has a licensing business pursuant to which the Company licenses certain of its key brand names to third parties for complementary beauty-related products and accessories in exchange for royalties.

The Company was founded by Charles Revson, who revolutionized the cosmetics industry by introducing nail enamels matched to lipsticks in fashion colors 80 years ago. Today, the Company has leading market positions in a number of its principal product categories in the U.S. mass retail channel, including color cosmetics (face, lip, eye and nail categories), women's hair color and beauty tools. The Company also has leading market positions in several product categories in certain foreign countries, including Australia, Canada and South Africa.

Overview of the Company's Business Strategy

The Company's strategic goal is to profitably grow our business. The business strategies employed by the Company to achieve this goal are:

1. ***Building our strong brands.*** We continue to build our strong brands by focusing on innovative, high-quality, consumer-preferred brand offering; effective consumer brand communication; appropriate levels of advertising and promotion; and superb execution with our retail partners.

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2. **Developing our organizational capability.** We continue to develop our organizational capability through attracting, retaining and rewarding highly capable people and through performance management, development planning, succession planning and training.
3. **Driving our company to act globally.** We continue to drive common global processes which are designed to provide the most efficient and effective allocation of our resources.
4. **Increasing our operating profit and cash flow.** We continue to focus on increasing our operating profit and cash flow.
5. **Improving our capital structure.** We continue to improve our capital structure by focusing on strengthening our balance sheet and reducing debt.

Overview of Net Sales and Earnings Results

Consolidated net sales in the third quarter of 2012 were \$347.0 million, an increase of \$9.8 million, or 2.9%, compared to \$337.2 million in the third quarter of 2011. Excluding the unfavorable impact of foreign currency fluctuations of \$6.4 million, consolidated net sales increased by \$16.2 million, or 4.8%, in the third quarter of 2012, driven by higher net sales in the Company's U.S., Asia Pacific, Latin America and Canada regions, partially offset by lower net sales in the Company's Europe, Middle East and Africa region.

Consolidated net sales in the first nine months of 2012 were \$1,034.8 million, an increase of \$13.2 million, or 1.3%, compared to \$1,021.6 million in the first nine months of 2011. Excluding the unfavorable impact of foreign currency fluctuations of \$19.4 million, consolidated net sales increased by \$32.6 million, or 3.2%, in the first nine months of 2012, driven by higher net sales in the Company's U.S., Asia Pacific, Latin America and Canada regions, partially offset by lower net sales in the Company's Europe, Middle East and Africa region.

Consolidated net loss in the third quarter of 2012 was \$15.0 million, compared to consolidated net income of \$0.1 million in the third quarter of 2011. The consolidated net loss in the third quarter of 2012, compared to consolidated net income in the third quarter of 2011, was primarily due to:

- \$24.1 million of restructuring and related charges recognized in connection with the September 2012 Program (as hereinafter defined);

with the foregoing partially offset by:

- \$10.6 million lower provision for income taxes.

Consolidated net income in the first nine months of 2012 was \$4.6 million, compared to \$17.0 million in the first nine months of 2011. The decrease in consolidated net income in the first nine months of 2012, compared to the first nine months of 2011, was primarily due to:

- \$24.1 million of restructuring and related charges recognized in connection with the September 2012 Program; and
- \$14.5 million of higher selling, general and administrative ("SG&A") expense primarily driven by the impact of the \$8.9 million litigation loss contingency recognized in the first nine months of 2012 and higher incentive compensation, partially offset by favorable foreign currency fluctuations and lower advertising expenses;

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with the foregoing partially offset by:

- a \$11.3 million loss on the early extinguishment of debt in the first nine months of 2011 as a result of the 2011 Refinancings; and
- a \$5.2 million decrease in interest expense in the first nine months of 2012, primarily driven by lower weighted average borrowing rates as a result of the 2011 Term Loan Facility Refinancing.

These current and prior period items are discussed in more detail below.

Fire at Revlon Venezuela Facility

On June 5, 2011, the Company's facility in Venezuela was destroyed by fire. For the years ended December 31, 2011 and 2010, the Company's subsidiary in Venezuela ("Revlon Venezuela") had net sales of approximately 2% and 3%, respectively, of the Company's consolidated net sales. At December 31, 2011 and 2010, total assets of Revlon Venezuela were approximately 2% and 3%, respectively, of the Company's total assets. Prior to the fire, approximately 50% of Revlon Venezuela's net sales were comprised of products imported from the Company's Oxford, North Carolina facility and approximately 50% were comprised of products locally manufactured at the Revlon Venezuela facility. Revlon Venezuela did not have any net sales from the date of the fire until August 12, 2011. The Company's net sales in Venezuela since August 12, 2011 have been primarily comprised of products imported from the Company's Oxford, North Carolina facility. In the first quarter of 2012, Revlon Venezuela also began importing certain products from third party manufacturers outside of Venezuela, which were locally manufactured at the Revlon Venezuela facility prior to the fire.

The Company maintains comprehensive property insurance, as well as business interruption insurance. Business interruption insurance is intended to reimburse for lost profits and other costs incurred, which are attributable to the loss, during the loss period, subject to the terms and conditions of the applicable policies.

For the third quarter and first nine months of 2012, the Company incurred business interruption losses of \$1.7 million and \$2.8 million, respectively, related to the fire. In the second quarter of 2011, the Company recorded a \$4.9 million impairment loss related to Revlon Venezuela's net book value of inventory, property, plant and equipment destroyed by the fire and in the period from June through September 30, 2011, the Company incurred business interruption losses of \$6.1 million related to the fire, for total losses of \$11.0 million incurred in the first nine months of 2011. The business interruption losses incurred in the nine months ended September 30, 2012 and 2011 include estimated profits lost as a result of the interruption of Revlon Venezuela's business and costs incurred directly related to the fire. The business interruption losses incurred through September 30, 2012 are not indicative of future business interruption losses for insurance purposes or future expected profits for Revlon Venezuela. The Company's insurance coverage provides for business interruption losses to be reimbursed, subject to the terms and conditions of such policy, for a period of time, which period for the coverage related to the Venezuela fire ended on October 2, 2012.

During the third quarter and first nine months of 2012, the Company received interim advances of \$1.5 million and \$4.5 million, respectively, from its insurance carrier in connection with the fire, for total cumulative receipts of \$24.2 million received from the date of the fire through September 30, 2012. During the third quarter and first nine months of 2012, the Company recognized \$1.7 million and \$2.8 million, respectively, of income from insurance recoveries, which entirely offset the business interruption losses noted above. During the third quarter and first nine months of 2011, the Company recognized \$6.1 million and \$11.0 million, respectively, of income from insurance recoveries, which entirely offset the impairment loss and business interruption losses noted above. The income from insurance recoveries is included within SG&A expenses in the Company's Statements of Operations and Comprehensive (Loss) Income for the three and nine months ended September 30,

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2012 and 2011. The Company recorded deferred income related to the insurance proceeds received, but not yet recognized, of \$6.8 million and \$5.1 million as of September 30, 2012 and December 31, 2011, respectively, which is included in accrued expenses and other in the Company's Consolidated Balance Sheets.

For insurance purposes, an assessment of the extent of damage resulting from the fire and the impact on Revlon Venezuela's business is ongoing, and therefore the final amount and timing of the ultimate insurance recovery is currently unknown.

Results of Operations

In the tables, all amounts are in millions and numbers in parentheses () denote unfavorable variances.

Net sales:

Third quarter results:

Consolidated net sales in the third quarter of 2012 were \$347.0 million, an increase of \$9.8 million, or 2.9%, compared to \$337.2 million in the third quarter of 2011. Excluding the unfavorable impact of foreign currency fluctuations of \$6.4 million, consolidated net sales increased by \$16.2 million, or 4.8%, in the third quarter of 2012, primarily driven by higher net sales of **Revlon** color cosmetics, as well as the inclusion of the net sales of **Pure Ice** beginning in July 2012.

Year-to-date results:

Consolidated net sales in the first nine months of 2012 were \$1,034.8 million, an increase of \$13.2 million, or 1.3%, compared to \$1,021.6 million in the first nine months of 2011. Excluding the unfavorable impact of foreign currency fluctuations of \$19.4 million, consolidated net sales increased by \$32.6 million, or 3.2%, in the first nine months of 2012, primarily driven by higher net sales of **Revlon** color cosmetics and **Revlon ColorSilk** hair color, as well as the inclusion of the net sales of **SinfulColors** for a full nine months in 2012 and **Pure Ice** beginning in July 2012, partially offset by lower net sales of fragrances.

	Three Months Ended September 30,		Change		XFX Change ^(a)	
	2012	2011	\$	%	\$	%
	United States	\$ 192.0	\$ 184.7	\$ 7.3	4.0%	\$ 7.3
Asia Pacific	60.9	58.0	2.9	5.0	3.2	5.5
Europe, Middle East and Africa	43.8	51.1	(7.3)	(14.3)	(2.8)	(5.5)
Latin America	30.6	25.6	5.0	19.5	6.3	24.6
Canada	19.7	17.8	1.9	10.7	2.2	12.4
Total Net Sales	\$ 347.0	\$ 337.2	\$ 9.8	2.9%	\$16.2	4.8%

	Nine Months Ended September 30,		Change		XFX Change ^(a)	
	2012	2011	\$	%	\$	%
	United States	\$ 580.6	\$ 565.8	\$ 14.8	2.6%	\$14.8
Asia Pacific	172.8	169.6	3.2	1.9	2.7	1.6
Europe, Middle East and Africa	134.0	152.8	(18.8)	(12.3)	(5.4)	(3.5)
Latin America	89.2	78.9	10.3	13.1	15.3	19.4
Canada	58.2	54.5	3.7	6.8	5.2	9.5
Total Net Sales	\$1,034.8	\$1,021.6	\$ 13.2	1.3%	\$32.6	3.2%

^(a) XFX excludes the impact of foreign currency fluctuations.

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United States

Third quarter results:

In the U.S., net sales in the third quarter of 2012 increased \$7.3 million, or 4.0%, to \$192.0 million, compared to \$184.7 million in the third quarter of 2011, primarily driven by higher net sales of **Revlon** color cosmetics, as well as the inclusion of the net sales of **Pure Ice** beginning in July 2012, partially offset by lower net sales of **Revlon ColorSilk** hair color, **Almay** color cosmetics and **Mitchum** anti-perspirant deodorants. Excluding the results of the recently acquired **Pure Ice**, net sales in the U.S. increased in the third quarter of 2012.

Year-to-date results:

In the U.S., net sales in the first nine months of 2012 increased \$14.8 million, or 2.6%, to \$580.6 million, compared to \$565.8 million in the first nine months of 2011, primarily driven by higher net sales of **Revlon** color cosmetics, as well as the inclusion of the net sales of **SinfulColors** for a full nine months in 2012 and **Pure Ice** beginning in July 2012, partially offset by lower net sales of **Almay** color cosmetics and **Mitchum** anti-perspirant deodorants. Excluding the results of the recently acquired **Pure Ice**, net sales in the U.S. increased in the first nine months of 2012.

Asia Pacific

Third quarter results:

In Asia Pacific, net sales in the third quarter of 2012 increased 5.0% to \$60.9 million, compared to \$58.0 million in the third quarter of 2011. Excluding the unfavorable impact of foreign currency fluctuations, net sales increased \$3.2 million, or 5.5%, primarily driven by higher net sales of **Revlon** color cosmetics and **Revlon ColorSilk** hair color. From a country perspective, net sales increased in certain distributor territories and Japan (which together contributed 8.7 percentage points to the increase in the region's net sales in the third quarter of 2012, as compared to the third quarter of 2011), partially offset by a decrease in net sales in China (which offset by 3.3 percentage points the increase in the region's net sales in the third quarter of 2012, as compared to the third quarter of 2011).

Year-to-date results:

In Asia Pacific, net sales in the first nine months of 2012 increased 1.9% to \$172.8 million compared to \$169.6 million in the first nine months of 2011. Excluding the favorable impact of foreign currency fluctuations, net sales increased \$2.7 million, or 1.6%, primarily driven by higher net sales of **Revlon ColorSilk** hair color. From a country perspective, net sales increased in certain distributor territories and Japan (which together contributed 4.6 percentage points to the increase in the region's net sales in the first nine months of 2012, as compared to the first nine months of 2011), partially offset by a decrease in net sales in China and Taiwan (which offset by 2.5 percentage points the increase in the region's net sales in the first nine months of 2012, as compared to the first nine months of 2011).

Europe, Middle East and Africa

Third quarter results:

In Europe, the Middle East and Africa, net sales in the third quarter of 2012 decreased 14.3% to \$43.8 million, compared to \$51.1 million in the third quarter of 2011. Excluding the unfavorable impact of foreign

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currency fluctuations, net sales decreased \$2.8 million, or 5.5%, primarily driven by a higher returns accrual of \$1.6 million recorded in the third quarter of 2012 related to the September 2012 Program and lower net sales of fragrances. From a country perspective, net sales decreased in Italy, France and the U.K., partially driven by the \$1.6 million higher returns accrual noted above (which together contributed 6.7 percentage points to the decrease in the region's net sales in the third quarter of 2012, as compared to the third quarter of 2011). The decrease in the region's net sales was partially offset by an increase in net sales in South Africa (which offset by 1.7 percentage points the decrease in the region's net sales in the third quarter of 2012, as compared to the third quarter of 2011).

Year-to-date results:

In Europe, the Middle East and Africa, net sales in the first nine months of 2012 decreased 12.3% to \$134.0 million, compared to \$152.8 million in the first nine months of 2011. Excluding the unfavorable impact of foreign currency fluctuations, net sales decreased \$5.4 million, or 3.5%, primarily driven by lower net sales of fragrances and a higher returns accrual of \$1.6 million recorded in the third quarter of 2012 related to the September 2012 Program. From a country perspective, net sales decreased in certain distributor territories, Italy and France, partially driven by the \$1.6 million higher returns accrual noted above (which together contributed 4.6 percentage points to the decrease in the region's net sales in the first nine months of 2012, as compared to the first nine months of 2011). The decrease in the region's net sales was partially offset by an increase in net sales in South Africa (which offset by 1.2 percentage points the decrease in the region's net sales in the first nine months of 2012, as compared to the first nine months of 2011).

Latin America

Third quarter results:

In Latin America, net sales in the third quarter of 2012 increased 19.5% to \$30.6 million, compared to \$25.6 million in the third quarter of 2011. Excluding the unfavorable impact of foreign currency fluctuations, net sales increased \$6.3 million, or 24.6%, primarily driven by higher net sales of **Revlon ColorSilk** hair color, **Revlon** color cosmetics and other beauty care products. From a country perspective, net sales increased in Venezuela, primarily due to the loss of sales during the third quarter of 2011 as a result of the June 2011 fire which destroyed Revlon Venezuela's facility. Net sales in Argentina and Venezuela also benefited from higher selling prices given market conditions and inflation, which accounted for approximately 25% of the \$6.3 million increase in the region's net sales.

Year-to-date results:

In Latin America, net sales in the first nine months of 2012 increased 13.1% to \$89.2 million, compared to \$78.9 million in the first nine months of 2011. Excluding the unfavorable impact of foreign currency fluctuations, net sales increased \$15.3 million, or 19.4%, primarily driven by higher net sales of **Revlon ColorSilk** hair color and **Revlon** color cosmetics. From a country perspective, net sales increased throughout the region. Venezuela's increase in net sales in the nine months of 2012 was partially driven by the loss of sales during June through September 2011 as a result of the June 2011 fire which destroyed Revlon Venezuela's facility. Net sales in Argentina and Venezuela also benefited from higher selling prices given market conditions and inflation, which accounted for approximately 40% of the \$15.3 million increase in the region's net sales.

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Canada

Third quarter results:

In Canada, net sales in the third quarter of 2012 increased 10.7% to \$19.7 million, compared to \$17.8 million in the third quarter of 2011. Excluding the unfavorable impact of foreign currency fluctuations, net sales increased \$2.2 million, or 12.4%, primarily driven by higher net sales of **Revlon** color cosmetics.

Year-to-date results:

In Canada, net sales in the first nine months of 2012 increased 6.8% to \$58.2 million, compared to \$54.5 million in the first nine months of 2011. Excluding the unfavorable impact of foreign currency fluctuations, net sales increased \$5.2 million, or 9.5%, primarily driven by higher net sales of **Revlon** color cosmetics.

Gross profit:

	Three Months Ended September 30,		Change	Nine Months Ended September 30,		Change
	2012	2011		2012	2011	
Gross profit	\$220.0	\$214.1	\$ 5.9	\$667.7	\$663.3	\$ 4.4
Percentage of net sales	63.4%	63.5%		64.5%	64.9%	

The 0.1 percentage point decrease in gross profit as a percentage of net sales in the third quarter of 2012, compared to the third quarter of 2011, was primarily due to:

- the impact of product mix, which reduced gross profit as a percentage of net sales by 1.0 percentage point;
- higher costs related to inventory obsolescence, which reduced gross profit as a percentage of net sales by 0.7 percentage points; and
- restructuring related charges recognized in connection with the September 2012 Program, which reduced gross profit as a percentage of net sales by 0.5 percentage points;

with the foregoing partially offset by:

- lower manufacturing and freight costs, as a result of supply chain cost reduction initiatives, which increased gross profit as a percentage of net sales by 1.3 percentage points; and
- lower allowances, which increased gross profit as a percentage of net sales by 0.6 percentage points.

The 0.4 percentage point decrease in gross profit as a percentage of net sales in the first nine months of 2012, compared to the first nine months of 2011, was primarily due to:

- the impact of product mix, which reduced gross profit as a percentage of net sales by 1.1 percentage points; and
- restructuring related charges recognized in connection with the September 2012 Program, which reduced gross profit as a percentage of net sales by 0.2 percentage points;

with the foregoing partially offset by:

- lower manufacturing and freight costs, as a result of supply chain cost reduction initiatives, which increased gross profit as a percentage of net sales by 0.9 percentage points.

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SG&A expenses:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2012	2011	Change	2012	2011	Change
SG&A expenses	\$ 179.9	\$ 169.3	\$(10.6)	\$540.5	\$526.0	\$(14.5)

SG&A expenses increased \$10.6 million in the third quarter of 2012, as compared to the third quarter of 2011, primarily driven by:

- \$4.4 million lower benefit from insurance proceeds related to the Venezuela fire recognized in SG&A expenses in the third quarter of 2012, as compared to the third quarter of 2011;
- \$3.0 million of higher general and administrative expenses, principally due to the impact of the \$2.2 million litigation loss contingency recognized in the third quarter of 2012 (see Note 14, "Contingencies" to the Consolidated Financial Statements for further discussion); and
- \$3.1 million of higher advertising expenses, primarily due to the timing of advertising campaigns in the third quarter of 2012 compared to the third quarter of 2011.

SG&A expenses increased \$14.5 million in the first nine months of 2012, as compared to the first nine months of 2011, primarily driven by:

- \$19.6 million of higher general and administrative expenses, principally due to the impact of the \$8.9 million litigation loss contingency recognized in the first nine months of 2012 (see Note 14, "Contingencies" to the Consolidated Financial Statements for further discussion), higher incentive compensation expense primarily due to the timing, within 2012, of expense recognized in the first nine months of 2012 as compared to the first nine months of 2011 and higher insurance expense; and
- \$3.3 million lower benefit from insurance proceeds related to the Venezuela fire recognized in SG&A expenses in the first nine months of 2012, as compared to the first nine months of 2011;

with the foregoing partially offset by:

- \$8.3 million of favorable impact of foreign currency fluctuations; and
- \$5.2 million of lower advertising expenses primarily due to the timing of advertising campaigns in 2012 compared to 2011.

Restructuring charges:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2012	2011	Change	2012	2011	Change
Restructuring charges	\$ 21.0	\$ —	\$(21.0)	\$ 21.0	\$ —	\$(21.0)

During the third quarter of 2012, the Company recorded charges totaling \$24.1 million related to the restructuring that the Company announced in September 2012 (the "September 2012 Program"), which primarily involved the Company exiting its owned manufacturing facility in France and its leased manufacturing facility in Maryland; rightsizing its organizations in France and Italy; and realigning its operations in Latin America, including consolidating Latin America and Canada into a single operating region, which will be effective in the fourth quarter of 2012. Certain of the actions are subject to consultations with employees, works councils or unions, and government authorities. Of the \$24.1 million charge: (a) \$21.0 million is recorded in restructuring charges; (b) \$1.6 million is recorded as a reduction to net sales; (c) \$1.1 million is recorded in cost of goods sold; and (d) \$0.4 million is recorded in SG&A expenses.

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The Company expects to recognize approximately \$1.0 million in additional charges for a total of approximately \$25 million in charges related to the September 2012 Program. Of the total expected charge of \$25 million, approximately \$23 million will be cash that is expected to be paid over the next eighteen months. Annualized cost reductions associated with the September 2012 Program are expected to be approximately \$10 million, \$9 million of which is expected to benefit 2013.

Interest expense:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2012	2011	Change	2012	2011	Change
Interest expense	\$ 19.9	\$ 20.4	\$ 0.5	\$ 59.5	\$ 64.7	\$ 5.2
Interest expense – preferred stock dividends	1.6	1.6	—	4.8	4.8	—

The \$0.5 million decrease in interest expense in the third quarter of 2012, as compared to the third quarter of 2011, was primarily due to lower weighted average borrowing rates as a result of the 2012 Non-Contributed Loan Assignment (as hereinafter defined).

The \$5.2 million decrease in interest expense in the first nine months of 2012, as compared to the first nine months of 2011, was primarily due to lower weighted average borrowing rates as a result of the 2011 Term Loan Facility Refinancing.

In accordance with the terms of the certificate of designation of the Revlon, Inc. Series A Preferred Stock, par value \$0.01 per share (“Preferred Stock”), during both the third quarters of 2012 and 2011, Revlon, Inc. recognized \$1.6 million of interest expense related to the regular quarterly dividends on the Preferred Stock. During both the first nine months of 2012 and 2011, Revlon, Inc. recognized \$4.8 million of interest expense related to the regular quarterly dividends on the Preferred Stock.

Loss on early extinguishment of debt, net:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2012	2011	Change	2012	2011	Change
Loss on early extinguishment of debt, net	\$ —	\$ —	\$ —	\$ —	\$ 11.3	\$ 11.3

During the second quarter of 2011, Products Corporation consummated the refinancing of its term loan facility and revolving credit facility (together referred to as the “2011 Refinancings”), reducing interest rates and extending maturities, consisting of the following transactions:

- In May 2011, Products Corporation consummated a refinancing of its term loan facility (the “2011 Term Loan Facility Refinancing”), which was scheduled to mature on March 11, 2015 and had \$794.0 million aggregate principal amount outstanding at December 31, 2010 (the “2010 Term Loan Facility”), with a 6.5-year, \$800.0 million term loan facility due November 19, 2017 (the “2011 Term Loan Facility”) under a third amended and restated term loan agreement dated May 19, 2011 (the “2011 Term Loan Agreement”); and
- In June 2011, Products Corporation consummated a refinancing of its revolving credit facility, which was scheduled to mature on March 11, 2014 and had nil outstanding borrowings at December 31, 2010, with a 5-year, \$140.0 million asset-based, multi-currency revolving credit facility due June 16, 2016 (the “2011 Revolving Credit Facility”) under a third amended and restated revolving credit agreement dated June 16, 2011 (the “2011 Revolving Credit Agreement” and together with the 2011 Term Loan Agreement, the “2011 Credit Agreements”).

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As a result of the 2011 Refinancings, the Company recognized a loss on the early extinguishment of debt of \$11.3 million in the first nine months of 2011, due to \$1.9 million of fees which were expensed as incurred in connection with the 2011 Refinancings, as well as the write-off of \$9.4 million of unamortized debt discount and deferred financing fees as a result of such refinancings.

Foreign currency (gains) losses, net:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2012	2011	Change	2012	2011	Change
Foreign currency (gains) losses, net	\$ (0.1)	\$ (0.9)	\$ (0.8)	\$ 2.0	\$ 2.4	\$ 0.4

The decrease in foreign currency gains of \$0.8 million in the third quarter of 2012, as compared to the third quarter of 2011, was primarily driven by:

- foreign currency losses for the third quarter of 2012 compared to foreign currency gains for the third quarter of 2011 related to the Company's foreign currency forward exchange contracts ("FX Contracts");

with the foregoing partially offset by:

- the favorable impact of the revaluation of certain U.S. Dollar denominated intercompany payables and foreign currency denominated intercompany receivables from the Company's foreign subsidiaries during the third quarter of 2012 compared to the third quarter of 2011.

The decrease in foreign currency losses of \$0.4 million in the first nine months of 2012, as compared to the first nine months of 2011, was primarily driven by:

- the favorable impact of the revaluation of certain U.S. Dollar denominated intercompany payables and foreign currency denominated intercompany receivables from the Company's foreign subsidiaries during the first nine months of 2012 compared to the first nine months of 2011; and
- a foreign currency loss of \$1.7 million recorded in the first nine months of 2011 related to the re-measurement of Revlon Venezuela's balance sheet that did not recur in 2012. See "Financial Condition, Liquidity and Capital Resources – Impact of Foreign Currency Translation – Venezuela" in this Form 10-Q for further discussion;

with the foregoing partially offset by:

- foreign currency losses related to the Company's FX Contracts for the first nine months of 2012 compared to foreign currency gains in the first nine months of 2011.

Provision for income taxes:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2012	2011	Change	2012	2011	Change
Provision for income taxes	\$ 11.5	\$ 22.1	\$ 10.6	\$ 31.6	\$ 32.4	\$ 0.8

The \$10.6 million decrease in the provision for income taxes in the third quarter of 2012 as compared to the third quarter of 2011 was primarily attributable to decreased pre-tax income and the absence of various discrete items that in the aggregate negatively affected the provision for income taxes in the third quarter of 2011 and did not recur in the third quarter of 2012.

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The \$0.8 million decrease in the provision for income taxes in the first nine months of 2012 as compared to the first nine months of 2011 was primarily attributable to decreased pre-tax income.

The effective tax rate for the three and nine months ended September 30, 2012 is higher than the federal statutory rate of 35% due principally to: (a) the impact of certain expenses for which there is no tax benefit recognized and the impact of certain non-deductible expenses primarily related to the restructuring charges and the litigation loss contingency recorded during the third quarter and first nine months of 2012 (see Note 4, "Restructuring Charges" and Note 14, "Contingencies" in this Form 10-Q); (b) foreign dividends and earnings taxable in the U.S.; and (c) foreign and U.S. tax effects attributable to operations outside the U.S., including pre-tax losses in a number of jurisdictions outside the U.S. for which there is no tax benefit recognized in the third quarter and first nine months of 2012; partially offset by various discrete items, including the favorable resolution of tax matters in certain foreign jurisdictions.

As a result of the reduction of the Company's deferred tax valuation allowance in the U.S. during 2010, the Company's tax provision has generally reflected a higher effective tax rate beginning with the first quarter of 2011. However, the increase in the effective tax rate did not affect the Company's cash taxes paid in 2011, and will not affect the Company's cash taxes paid in 2012 and thereafter until the Company has fully used its tax loss carryforwards and other tax attributes in the U.S. See Note 12, "Income Taxes," to the Consolidated Financial Statements contained in Revlon, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission (the "SEC") on February 16, 2012 (the "2011 Form 10-K").

The Company expects that its tax provision and effective tax rate in any individual quarter will vary and may not be indicative of the Company's tax provision and effective tax rate for the full year.

Financial Condition, Liquidity and Capital Resources

At September 30, 2012, the Company had a liquidity position of \$160.3 million, consisting of cash and cash equivalents (net of any outstanding checks) of \$33.9 million, as well as \$126.4 million in available borrowings under the 2011 Revolving Credit Facility, based upon the borrowing base less \$10.4 million of undrawn outstanding letters of credit and nil then drawn under the 2011 Revolving Credit Facility. (See also Note 3, "Business Acquisition" to the Consolidated Financial Statements).

Cash Flows

At September 30, 2012, the Company had cash and cash equivalents of \$45.2 million, compared with \$101.7 million at December 31, 2011. The following table summarizes the Company's cash flows from operating, investing and financing activities for the nine months ended September 30, 2012 and September 30, 2011:

	Nine Months Ended	
	September 30,	
	2012	2011
Net cash provided by operating activities	\$ 17.9	\$ 20.2
Net cash used in investing activities	(80.4)	(48.4)
Net cash provided by financing activities	5.7	4.6
Effect of exchange rate changes on cash and cash equivalents	0.3	(3.2)

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Operating Activities

Net cash provided by operating activities in the first nine months of 2012 was \$17.9 million, as compared to net cash provided by operating activities of \$20.2 million in the first nine months of 2011. As compared to the first nine months of 2011, cash provided by operating activities in the first nine months of 2012 was primarily impacted by the renewal and partial pre-payment of certain of the Company's multi-year insurance programs, which was partially offset by lower cash interest paid.

Investing Activities

Net cash used in investing activities was \$80.4 million and \$48.4 million for the first nine months of 2012 and 2011, respectively. Net cash used in investing activities for the first nine months of 2012 included a cash payment of \$66.2 million for the Pure Ice Acquisition (as hereinafter defined) and \$14.8 million of cash used for capital expenditures; partially offset by proceeds of \$0.4 million related to the sale of the freshMinerals brand. In July 2012, the Company acquired certain assets, including trademarks and other intellectual property related to Pure Ice nail enamel and Bon Bons cosmetics brands (the "Pure Ice Acquisition"). Net cash used in investing activities for the first nine months of 2011 included a cash payment of \$39.0 million for the SinfulColors Acquisition (as hereinafter defined) and \$9.6 million of cash used for capital expenditures. In March 2011, the Company acquired certain assets, including trademarks and other intellectual property, inventory, certain receivables and manufacturing equipment, related to SinfulColors cosmetics, Wild and Crazy cosmetics, freshMinerals cosmetics and freshcover cosmetics, which products are sold principally in the U.S. mass retail channel (the "SinfulColors Acquisition").

Financing Activities

Net cash provided by financing activities was \$5.7 million and \$4.6 million for the first nine months of 2012 and 2011, respectively.

Net cash provided by financing activities for the first nine months of 2012 included:

- a \$12.5 million increase in short term borrowings and overdraft;

with the foregoing partially offset by:

- an aggregate \$6.0 million of scheduled amortization payments on the 2011 Term Loan Facility.

Net cash provided by financing activities for the first nine months of 2011 included:

- cash provided by Products Corporation's issuance of the \$800.0 million aggregate principal amount of the 2011 Term Loan Facility, or \$796.0 million, net of discounts, as well as a \$10.0 million increase in short-term borrowings and overdraft, partially offset by cash used for the repayment of \$794.0 million remaining aggregate principal amount of Products Corporation's 2010 Term Loan Facility;

with the foregoing partially offset by:

- payment of \$4.2 million of the \$4.3 million of fees incurred in connection with the 2011 Refinancings; and
- a \$2.0 million scheduled amortization payment on the 2011 Term Loan Facility.

Long-Term Debt Instruments

For further detail regarding Products Corporation's long-term debt instruments, see Note 9, "Long-Term Debt and Redeemable Preferred Stock," to the Consolidated Financial Statements in Revlon, Inc.'s 2011 Form 10-K, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Condition, Liquidity and Capital Resources" in Revlon, Inc.'s 2011 Form 10-K.

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2011 Credit Agreements

For detail regarding the 2011 Credit Agreements, see Note 9, "Long-Term Debt and Redeemable Preferred Stock," to the Consolidated Financial Statements in Revlon, Inc.'s 2011 Form 10-K, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Condition, Liquidity and Capital Resources – 2011 Refinancings" in Revlon, Inc.'s 2011 Form 10-K.

Products Corporation was in compliance with all applicable covenants under the 2011 Credit Agreements as of September 30, 2012 and as of December 31, 2011. At September 30, 2012, the aggregate principal amount outstanding under the 2011 Term Loan Facility was \$790.0 million and availability under the 2011 Revolving Credit Facility, based upon the calculated borrowing base less \$10.4 million of outstanding undrawn letters of credit and nil then drawn on the 2011 Revolving Credit Facility, was \$126.4 million. (See also Note 3, "Business Acquisitions"). During the three and nine months ended September 30, 2012, the average borrowings outstanding under the 2011 Revolving Credit Facility were \$16.2 million and \$5.4 million, respectively.

9 3/4% Senior Secured Notes due 2015

For detail regarding the 9 3/4% Senior Secured Notes, due November 2015, see Note 9, "Long-Term Debt and Redeemable Preferred Stock," to the Consolidated Financial Statements in Revlon, Inc.'s 2011 Form 10-K, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Condition, Liquidity and Capital Resources - 9 3/4% Senior Secured Notes due 2015" in Revlon, Inc.'s 2011 Form 10-K.

Products Corporation was in compliance with all applicable covenants under its 9 3/4% Senior Secured Notes indenture as of September 30, 2012.

Senior Subordinated Term Loan

Products Corporation is party to the Senior Subordinated Term Loan Agreement with MacAndrews & Forbes, consisting of (i) the \$58.4 million principal amount of the \$107.0 million aggregate principal amount of the Senior Subordinated Term Loan (the "Non-Contributed Loan") which, at December 31, 2011, remained owing from Products Corporation to MacAndrews & Forbes, and which matures on October 8, 2014, and (ii) the \$48.6 million of the \$107.0 million aggregate principal amount of the Senior Subordinated Term Loan that MacAndrews & Forbes contributed to Revlon, Inc. in connection with the October 2009 consummation of Revlon, Inc.'s exchange offer (the "Contributed Loan"), which remains due from Products Corporation to Revlon, Inc. and which matures on October 8, 2013.

On April 30, 2012, MacAndrews & Forbes exercised its right to assign its interest in the Non-Contributed Loan (the "2012 Non-Contributed Loan Assignment"). In connection with such assignment, Products Corporation entered into an Amended and Restated Senior Subordinated Term Loan Agreement with MacAndrews & Forbes (the "Amended and Restated Senior Subordinated Term Loan Agreement"), and a related Administrative Letter was entered into with Citibank, N.A. and MacAndrews & Forbes, to among other things:

- modify the interest rate on the Non-Contributed Loan from its prior 12% fixed rate to a floating rate of LIBOR plus 7%, with a 1.5% LIBOR floor, resulting in an interest rate of approximately 8.5% per annum (or a 3.5% reduction) upon the effectiveness of the Amended and Restated Senior Subordinated Term Loan Agreement. Interest under the Amended and Restated Senior Subordinated Term Loan Agreement is payable quarterly in arrears in cash;

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- insert prepayment premiums such that Products Corporation may optionally prepay the Non-Contributed Loan (i) through October 31, 2013 with a prepayment premium based on a formula designed to provide the assignees of the Non-Contributed Loan with the present value, using a discount rate of 75 basis points over U.S. Treasuries, of the principal, premium and interest that would have accrued on the Non-Contributed Loan from any such prepayment date through October 31, 2013 (provided that, pursuant to the loan's terms (both before and after giving effect to these amendments), no portion of the principal amount of the Non-Contributed Loan may be repaid prior to its October 8, 2014 maturity date unless and until all shares of Revlon, Inc.'s Series A Preferred Stock have been or are being concurrently redeemed and all payments due thereon are paid in full or are concurrently being paid in full), (ii) from November 1, 2013 through April 30, 2014 with a 2% prepayment premium on the aggregate principal amount of the Non-Contributed Loan being prepaid, and (iii) from May 1, 2014 through maturity on October 8, 2014 with no prepayment premium; and
- designate Citibank, N.A. as the administrative agent for the Non-Contributed Loan.

Concurrently with the effectiveness of the Amended and Restated Senior Subordinated Term Loan Agreement, MacAndrews & Forbes assigned its entire interest in the Non-Contributed Loan to several third parties.

Impact of Foreign Currency Translation – Venezuela

During the third quarter of 2012 and 2011, Revlon Venezuela had net sales of approximately 2% and 1% of the Company's consolidated net sales. During the first nine months of 2012 and 2011, Revlon Venezuela had net sales of approximately 2% of the Company's consolidated net sales. At September 30, 2012 and December 31, 2011, total assets in Revlon Venezuela were approximately 2% of the Company's total assets.

Highly-Inflationary Economy: Effective January 1, 2010, Venezuela was designated as a highly inflationary economy under U.S. GAAP. As a result, beginning January 1, 2010, the U.S. dollar is the functional currency for Revlon Venezuela. Through December 31, 2009, prior to Venezuela being designated as highly inflationary, currency translation adjustments of Revlon Venezuela's balance sheet were reflected in stockholders' deficiency as part of Other Comprehensive (Loss) Income; however, subsequent to January 1, 2010, such adjustments are reflected in earnings.

Currency Restrictions: Currency restrictions enacted by the Venezuelan government in 2003 have become more restrictive and have impacted Revlon Venezuela's ability to obtain U.S. dollars in exchange for Bolivars at the official foreign exchange rates from the Venezuelan government and its foreign exchange commission, the *Comisión de Administracion de Divisas* ("CADIVI"). In May 2010, the Venezuelan government took control over the previously freely-traded foreign currency exchange market and in June 2010, replaced it with a new foreign currency exchange system, the *Sistema de Transacciones en Moneda Extranjera* ("SITME"). SITME provides a mechanism to exchange Bolivars into U.S. dollars. However, U.S. dollars accessed through SITME can only be used for product purchases and related services, such as freight, and are not available for other transactions, such as the payment of dividends. Also, SITME can only be accessed for amounts of up to \$50,000 per day, subject to a monthly maximum of \$350,000 per legal entity, and is generally only available to the extent the applicant has not exchanged and received U.S. dollars from CADIVI within the previous 90 days. In the second quarter of 2011, the Company began using a SITME rate of 5.5 Bolivars per U.S. dollar to translate Revlon Venezuela's financial statements, as this was the rate at which the Company accessed U.S. dollars in the SITME market during this period (the "SITME Rate"). The Company had previously utilized Venezuela's official exchange rate of 4.3 Bolivars per U.S. dollar to translate Revlon Venezuela's financial statements from January 1, 2010 through March 31, 2011. In the third quarter and first nine months of 2012, the Company continued using the SITME Rate to translate Revlon Venezuela's financial statements.

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To reflect the impact of the change in exchange rates from Venezuela's official exchange rate to the SITME Rate, a foreign currency loss of \$1.7 million was recorded in the second quarter of 2011. As Venezuela was designated as a highly inflationary economy effective January 1, 2010, this foreign currency loss was reflected in earnings during the nine months ended September 30, 2011.

Sources and Uses

The Company's principal sources of funds are expected to be operating revenues, cash on hand and funds available for borrowing under the 2011 Revolving Credit Facility and other permitted lines of credit. The 2011 Credit Agreements, the indenture governing Products Corporation's 9³/₄% Senior Secured Notes and the Amended and Restated Senior Subordinated Term Loan Agreement contain certain provisions that by their terms limit Products Corporation and its subsidiaries' ability to, among other things, incur additional debt.

The Company's principal uses of funds are expected to be the payment of operating expenses, including expenses in connection with the continued execution of the Company's business strategy, insurance premiums, purchases of permanent wall displays, capital expenditure requirements, debt service payments and costs, tax payments, pension and post-retirement benefit plan contributions, payments in connection with the Company's restructuring programs, severance not otherwise included in the Company's restructuring programs, debt repurchases and costs related to litigation. The Company's cash contributions to its pension and post-retirement benefit plans in the first nine months of 2012 were \$26.8 million. The Company expects cash contributions to its pension and post-retirement benefit plans to be approximately \$30 million for all of 2012. The Company's cash taxes paid in the first nine months of 2012 were \$13.8 million. The Company expects to pay cash taxes of approximately \$20 million for all of 2012. The Company's purchases of permanent wall displays and capital expenditures in the first nine months of 2012 were \$31.2 million and \$14.8 million, respectively. The Company expects purchases of permanent wall displays and capital expenditures for all of 2012 to be approximately \$45 million and \$25 million, respectively.

The Company has undertaken, and continues to assess, refine and implement, a number of programs to efficiently manage working capital, including, among other things, programs intended to optimize inventory levels over time; centralized procurement to secure discounts and efficiencies; prudent management of accounts receivable and accounts payable; and controls on general and administrative spending. In the ordinary course of business, the Company's source or use of cash from operating activities may vary on a quarterly basis as a result of a number of factors, including the timing of working capital flows.

Continuing to execute the Company's business strategy could include taking advantage of additional opportunities to reposition, repackage or reformulate one or more brands or product lines, launching additional new products, acquiring businesses or brands, further refining the Company's approach to retail merchandising and/or taking further actions to optimize its manufacturing, sourcing and organizational size and structure. Any of these actions, the intended purpose of which would be to create value through profitable growth, could result in the Company making investments and/or recognizing charges related to executing against such opportunities. Any such activities may be funded with cash on hand, funds available under the 2011 Revolving Credit Facility and/or other permitted additional sources of capital, which actions could increase the Company's total debt.

The Company may also, from time to time, seek to retire or purchase its outstanding debt obligations in open market purchases, in privately negotiated transactions or otherwise and may seek to refinance some or all of its indebtedness based upon market conditions. Any retirement or purchase of debt may be funded with operating cash flows of the business or other sources and will depend upon prevailing market conditions, liquidity requirements, contractual restrictions and other factors, and the amounts involved may be material.

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The Company expects that operating revenues, cash on hand and funds available for borrowing under the 2011 Revolving Credit Facility and other permitted lines of credit will be sufficient to enable the Company to cover its operating expenses for 2012, including cash requirements in connection with the payment of operating expenses, including expenses in connection with the execution of the Company's business strategy, insurance premiums, purchases of permanent wall displays, capital expenditure requirements, debt service payments and costs, tax payments, pension and post-retirement plan contributions, payments in connection with the Company's restructuring programs, severance not otherwise included in the Company's restructuring programs, debt repurchases and costs related to litigation.

There can be no assurance that available funds will be sufficient to meet the Company's cash requirements on a consolidated basis. If the Company's anticipated level of revenues is not achieved because of, among other things, decreased consumer spending in response to weak economic conditions or weakness in the cosmetics category in the mass retail channel; adverse changes in currency exchange rates and/or currency controls; decreased sales of the Company's products as a result of increased competitive activities by the Company's competitors; changes in consumer purchasing habits, including with respect to shopping channels; retailer inventory management, retailer space reconfigurations or reductions in retailer display space; changes in retailer pricing or promotional strategies; or less than anticipated results from the Company's existing or new products or from its advertising, promotional and/or marketing plans; or if the Company's expenses, including, without limitation, for pension expense under its benefit plans, insurance premiums and costs related to litigation, advertising, promotional and marketing activities or for sales returns related to any reduction of retail space, product discontinuances or otherwise, exceed the anticipated level of expenses, the Company's current sources of funds may be insufficient to meet the Company's cash requirements.

Any such developments, if significant, could reduce the Company's revenues and could adversely affect Products Corporation's ability to comply with certain financial covenants under the 2011 Credit Agreements and in such event the Company could be required to take measures, including, among other things, reducing discretionary spending. **(See also Item 1A. "Risk Factors" in Revlon, Inc.'s 2011 Form 10-K for further discussion of certain risks associated with the Company's business and indebtedness.)**

Revlon, Inc. expects that the payment of the quarterly dividends on its Preferred Stock will continue to be funded by cash interest payments to be received by Revlon, Inc. from Products Corporation on the Contributed Loan (the \$48.6 million portion of the Amended and Restated Senior Subordinated Term Loan that was contributed to Revlon, Inc. by MacAndrews & Forbes), subject to Revlon, Inc. having sufficient surplus or net profits in accordance with Delaware law. Additionally, Revlon, Inc. expects to pay the liquidation preference of the Preferred Stock on October 8, 2013 with the cash payment to be received by Revlon, Inc. from Products Corporation in respect of the maturity of the principal amount outstanding under the Contributed Loan, subject to Revlon, Inc. having sufficient surplus in accordance with Delaware law. The payment of such interest and principal under the Contributed Loan to Revlon, Inc. by Products Corporation is permissible under the 2011 Credit Agreements, the Amended and Restated Senior Subordinated Term Loan Agreement and the 9^{3/4}% Senior Secured Notes indenture.

In accordance with the terms of the certificate of designation of the Preferred Stock, on July 9, 2012, Revlon, Inc. paid to holders of record of the Preferred Stock at the close of business on June 29, 2012 the regular quarterly dividend in the amount of \$0.165161 per share, or \$1.5 million in the aggregate, for the period from April 9, 2012 through July 8, 2012. In addition, on October 8, 2012, Revlon, Inc. paid to holders of record of the Preferred Stock at the close of business on September 28, 2012 the regular quarterly dividend in the amount of \$0.165161 per share, or \$1.5 million in the aggregate, for the period from July 9, 2012 through October 8, 2012.

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OPERATIONS

(all tabular amounts in millions, except share and per share amounts)

Products Corporation enters into foreign currency forward exchange contracts and option contracts from time to time to hedge certain net cash flows denominated in currencies other than the local currencies of the Company's foreign and domestic operations. The foreign currency forward exchange contracts are entered into primarily for the purpose of hedging anticipated inventory purchases and certain intercompany payments denominated in currencies other than the local currencies of the Company's foreign and domestic operations and generally have maturities of less than one year. At September 30, 2012, the notional amount and fair value of FX Contracts outstanding was \$47.3 million and \$(0.9) million, respectively.

Disclosures about Contractual Obligations and Commercial Commitments

As of September 30, 2012, there were no material changes to the Company's total contractual cash obligations, as set forth in the contractual obligations and commercial commitments table included in Revlon, Inc.'s 2011 Form 10-K, other than those entered into in April 2012 in connection with the Amended and Restated Senior Subordinated Term Loan Agreement.

The following reflects the impact of the Amended and Restated Senior Subordinated Term Loan Agreement on the Company's interest on long-term debt:

Contractual Obligations As of September 30, 2012	Payments Due by Period (dollars in millions)				
	Total	2012 Q4	2013-2014	2015-2016	After 2016
Interest on long-term debt ^(a)	\$316.2	\$ 29.5	\$ 148.9	\$ 105.8	\$ 32.0
Interest on long-term debt-affiliates	—	—	—	—	—

^(a) Includes interest at a floating rate of LIBOR plus 7%, with a 1.5% LIBOR floor on the \$58.4 million aggregate principal amount outstanding under the Non-Contributed Loan, which has a maturity date of October 8, 2014.

Off-Balance Sheet Transactions

The Company does not maintain any off-balance sheet transactions, arrangements, obligations or other relationships with unconsolidated entities or others that are reasonably likely to have a material current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Discussion of Critical Accounting Policies

For a discussion of the Company's critical accounting policies, see Revlon, Inc.'s 2011 Form 10-K.

Effect of Recent Accounting Pronouncements

See discussion of recent accounting pronouncements in Note 1, "Description of Business and Basis of Presentation," to the Unaudited Consolidated Financial Statements in this Form 10-Q.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company has exposure to market risk both as a result of changing interest rates and movements in foreign currency exchange rates. The Company's policy is to manage market risk through a combination of fixed and floating rate debt. The Company from time to time makes use of derivative financial instruments to adjust its fixed and floating rate ratio. The Company does not hold or issue financial instruments for trading purposes. The qualitative and quantitative information presented in Item 7A of Revlon, Inc.'s 2011 Form 10-K ("Item 7A") describes significant aspects of the Company's financial instrument programs that have material market risk as of December 31, 2011. The following tables present the information required by Item 7A as of September 30, 2012:

Interest Rate Sensitivity

Expected Maturity Date for the year ended December 31,

(dollars in millions, except for rate information)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Thereafter</u>	<u>Total</u>	<u>Fair Value September 30, 2012</u>
Debt								
Short-term variable rate (various currencies)	\$ 8.3						\$ 8.3	\$ 8.3
Average interest rate ^(a)	5.9%							
Long-term fixed rate – third party (\$US)		\$ 48.6 ^(b)		\$330.0			378.6	397.0
Average interest rate		12.75%		9.75%				
Long-term variable rate – third party (\$US)	2.0	8.0	\$66.4 ^(c)	8.0	\$8.0	\$ 756.0	848.4	846.3
Average interest rate ^{(a)(d)}	4.8%	4.8%	8.0%	4.8%	4.8%	4.8%		
Total debt	<u>\$10.3</u>	<u>\$ 56.6</u>	<u>\$66.4</u>	<u>\$338.0</u>	<u>\$8.0</u>	<u>\$ 756.0</u>	<u>\$1,235.3</u>	<u>\$ 1,251.6</u>

^(a) Weighted average variable rates are based upon implied forward rates from the U.S. Dollar LIBOR yield curves at September 30, 2012.

^(b) Represents the \$48.6 million to be paid by Revlon, Inc. at maturity for the Preferred Stock issued in the voluntary exchange offer consummated in October 2009 (the "2009 Exchange Offer") (i.e., the earlier of (i) October 8, 2013 and (ii) the consummation of certain change of control transactions), subject to Revlon, Inc. having sufficient surplus in accordance with Delaware law to effect such payments. Annual cash dividends of 12.75% on the Preferred Stock are payable quarterly over the four-year term of the Preferred Stock, subject to Revlon, Inc. having sufficient surplus or net profits in accordance with Delaware law to effect such payments.

^(c) Includes (i) the \$58.4 million aggregate principal amount outstanding of the Non-Contributed Loan (the \$58.4 million portion of the Amended and Restated Senior Subordinated Term Loan that remains owing from Products Corporation to various third parties) as of September 30, 2012 which loan matures on October 8, 2014 and bears interest at a floating rate of LIBOR plus 7%, with a 1.5% LIBOR floor, which is payable quarterly in arrears in cash and (ii) \$8.0 million of mandatory aggregate quarterly principal repayments related to the 2011 Term Loan Facility.

^(d) The 2011 Term Loan Facility bears interest at the Eurodollar Rate (as defined in the 2011 Term Loan Agreement) plus 3.50% annum (with the Eurodollar Rate not to be less than 1.25%).

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Exchange Rate Sensitivity

	Average Contractual Rate \$/FC	Original US Dollar Notional Amount	Contract Value September 30, 2012	Fair Value September 30, 2012
Forward Contracts				
Sell Canadian Dollars/Buy USD	0.9885	\$ 18.5	\$ 18.0	\$ (0.5)
Sell Australian Dollars/Buy USD	1.0091	16.1	15.8	(0.3)
Sell South African Rand/Buy USD	0.1187	6.2	6.2	—
Buy Australian Dollars/Sell New Zealand Dollars	1.2804	5.4	5.3	(0.1)
Sell Hong Kong Dollars/Buy USD	0.1290	0.9	0.9	—
Sell New Zealand Dollars/Buy USD	0.7950	0.2	0.2	—
Total forward contracts		\$ 47.3	\$ 46.4	\$ (0.9)

Item 4. Controls and Procedures

(a) Disclosure Controls and Procedures. The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the three-month period covered by this Quarterly Report on Form 10-Q. Based upon such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective.

(b) Changes in Internal Control Over Financial Reporting. There have not been any changes in the Company's internal control over financial reporting during the third quarter of 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Forward-Looking Statements

This Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2012, as well as other public documents and statements of the Company, contain forward-looking statements that involve risks and uncertainties, which are based on the beliefs, expectations, estimates, projections, assumptions, forecasts, plans, anticipations, targets, outlooks, initiatives, visions, objectives, strategies, opportunities, drivers, focus and intents of the Company's management. While the Company believes that its estimates and assumptions are reasonable, the Company cautions that it is very difficult to predict the impact of known factors, and, of course, it is impossible for the Company to anticipate all factors that could affect its results. The Company's actual results may differ materially from those discussed in such forward-looking statements. Such statements include, without limitation, the Company's expectations and estimates (whether qualitative or quantitative) as to:

- (i) the Company's future financial performance;
- (ii) the effect on sales of decreased consumer spending in response to weak economic conditions or weakness in the cosmetics category in the mass retail channel; adverse changes in currency exchange rates and/or currency controls; decreased sales of the Company's products as a result of increased competitive activities by the Company's competitors, changes in consumer purchasing habits, including with respect to shopping channels; retailer inventory management; retailer space reconfigurations or reductions in retailer display space; changes in retailer pricing or promotional strategies; less than anticipated results from the Company's existing or new products or from its advertising, promotional and/or marketing plans; or if the Company's expenses, including, without

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limitation, for pension expense under its benefit plans, insurance premiums and costs related to litigation, advertising, promotional and marketing activities or for sales returns related to any reduction of retail space, product discontinuances or otherwise, exceed the anticipated level of expenses;

- (iii) the Company's belief that the continued execution of its business strategy could include taking advantage of additional opportunities to reposition, repackage or reformulate one or more brands or product lines, launching additional new products, acquiring businesses or brands, further refining its approach to retail merchandising and/or taking further actions to optimize its manufacturing, sourcing and organizational size and structure, any of which, the intended purpose of which would be to create value through profitable growth, could result in the Company making investments and/or recognizing charges related to executing against such opportunities and the Company's expectations that any such activities may be funded with cash on hand, funds available under the 2011 Revolving Credit Facility and/or other permitted additional sources of capital, which actions could increase the Company's total debt;
- (iv) the effect of restructuring activities, restructuring costs and charges, the timing of restructuring payments and the benefits from such activities, including, without limitation, the Company's expectation that annualized cost reductions associated with the September 2012 Program are expected to be approximately \$10 million, \$9 million of which is expected to benefit 2013; the Company's expectation to recognize approximately \$1.0 million in additional charges, for a total of approximately \$25 million in charges related to the September 2012 Program; and the Company's expectation that of the total charge of \$25 million, approximately \$23 million will be cash that is expected to be paid over the next eighteen months;
- (v) the Company's expectations regarding its strategic goal to profitably grow its business and as to the business strategies employed to achieve this goal, which are: (a) continuing to build its strong brands by focusing on innovative, high-quality, consumer-preferred brand offering; effective consumer brand communication; appropriate levels of advertising and promotion; and superb execution with its retail partners; (b) continuing to develop its organizational capability through attracting, retaining and rewarding highly capable people and through performance management, development planning, succession planning and training; (c) continuing to drive common global processes which are designed to provide the most efficient and effective allocation of its resources; (d) continuing to focus on increasing its operating profit and cash flow; and (e) continuing to improve its capital structure by focusing on strengthening its balance sheet and reducing debt;
- (vi) the Company's expectation that operating revenues, cash on hand and funds available for borrowing under Products Corporation's 2011 Revolving Credit Facility and other permitted lines of credit will be sufficient to enable the Company to cover its operating expenses for 2012, including the cash requirements referred to in item (viii) below;
- (vii) the Company's expected principal sources of funds, including operating revenues, cash on hand and funds available for borrowing under Products Corporation's 2011 Revolving Credit Facility and other permitted lines of credit;
- (viii) the Company's expected principal uses of funds, including amounts required for the payment of operating expenses, including expenses in connection with the continued execution of the Company's business strategy, insurance premiums, payments in connection with the Company's purchases of permanent wall displays, capital expenditure requirements, debt service payments and costs, tax payments, pension and post-retirement benefit plan contributions, restructuring programs, severance not otherwise included in the Company's restructuring programs, debt repurchases (including, without limitation, that the Company may also, from time to time, seek to retire or purchase its outstanding debt obligations in open market purchases, in privately negotiated transactions or otherwise and may seek to refinance some or all of its indebtedness based upon

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market conditions and that any retirement or purchase of debt may be funded with operating cash flows of the business or other sources and will depend upon prevailing market conditions, liquidity requirements, contractual restrictions and other factors, and the amounts involved may be material) and costs related to litigation; and its estimates of the amount and timing of its operating expenses, insurance premiums, debt service payments (including payments required under Products Corporation's debt instruments), cash contributions to the Company's pension plans and its other post-retirement benefit plans, net periodic benefit costs for the pension and other post-retirement benefit plans, cash tax payments, purchases of permanent wall displays, capital expenditures and costs related to litigation;

- (ix) matters concerning the Company's market-risk sensitive instruments, as well as the Company's expectations as to the counterparty's performance, including that any loss arising from the non-performance by the counterparty would not be material;
- (x) the Company's plan to efficiently manage working capital, including, among other things, programs intended to optimize inventory levels over time; centralized procurement to secure discounts and efficiencies; prudent management of accounts receivable and accounts payable; and controls on general and administrative spending; and the Company's belief that in the ordinary course of business, its source or use of cash from operating activities may vary on a quarterly basis as a result of a number of factors, including the timing of working capital flows;
- (xi) the Company's expectations regarding its future net periodic benefit cost for its U.S. and international defined benefit plans;
- (xii) the Company's expectation that the payment of the quarterly dividends on the Preferred Stock will continue to be funded by cash interest payments to be received by Revlon, Inc. from Products Corporation on the Contributed Loan (the \$48.6 million portion of the Amended and Restated Senior Subordinated Term Loan that was contributed to Revlon, Inc. by MacAndrews & Forbes in connection with consummating the 2009 Exchange Offer), subject to Revlon, Inc. having sufficient surplus or net profits in accordance with Delaware law, and its expectation of paying the liquidation preference of the Preferred Stock on October 8, 2013 with the cash payment to be received by Revlon, Inc. from Products Corporation in respect of the maturity of the principal amount outstanding under the Contributed Loan, subject to Revlon, Inc. having sufficient surplus in accordance with Delaware law;
- (xiii) the Company's belief that it maintains comprehensive property insurance, as well as business interruption insurance; and the Company's belief that the business interruption losses incurred through September 30, 2012 are not indicative of future business interruption losses for insurance purposes or future expected profits for Revlon Venezuela;
- (xiv) the Company's expectation and belief that the increase in the effective tax rate will not affect the Company's cash taxes paid in 2012 and thereafter until the Company has fully used its tax loss carryforwards and other tax attributes in the U.S. and its expectation that its tax provision and effective tax rate in any individual quarter will vary and may not be indicative of the Company's tax provision and effective tax rate for the full year;
- (xv) the Company's belief that while the outcome of all pending legal proceedings in the aggregate is unlikely to have a material adverse effect on the Company's business, financial condition and/or its results of operations, in light of the uncertainties involved in legal proceedings generally, the ultimate outcome of a particular matter could be material to the Company's operating results for a particular period depending on, among other things, the size of the loss or the nature of the liability imposed and the level of the Company's income for that particular period; and
- (xvi) the Company's belief that the actions arising out of the Exchange Offer are without merit and that it has meritorious defenses to the asserted claims in the actions.

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Statements that are not historical facts, including statements about the Company's beliefs and expectations, are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language such as "estimates," "objectives," "visions," "projects," "forecasts," "focus," "drive towards," "plans," "targets," "strategies," "opportunities," "assumptions," "drivers," "believes," "intends," "outlooks," "initiatives," "expects," "scheduled to," "anticipates," "seeks," "may," "will" or "should" or the negative of those terms, or other variations of those terms or comparable language, or by discussions of strategies, targets, long-range plans, models or intentions. Forward-looking statements speak only as of the date they are made, and except for the Company's ongoing obligations under the U.S. federal securities laws, the Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Investors are advised, however, to consult any additional disclosures the Company made or may make in its 2011 Form 10-K, and in its Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, in each case filed with the SEC in 2012 (which, among other places, can be found on the SEC's website at <http://www.sec.gov>, as well as on the Company's corporate website at www.revloninc.com). Except as expressly set forth in this Form 10-Q, the information available from time to time on such websites shall not be deemed incorporated by reference into this Quarterly Report on Form 10-Q. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. **(See also Item 1A. "Risk Factors" in Revlon, Inc.'s 2011 Form 10-K for further discussion of risks associated with the Company's business.)** In addition to factors that may be described in the Company's filings with the SEC, 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) unanticipated circumstances or results affecting the Company's financial performance, including decreased consumer spending in response to weak economic conditions or weakness in the cosmetics category in the mass retail channel; changes in consumer preferences, such as reduced consumer demand for the Company's color cosmetics and other current products, including new product launches; changes in consumer purchasing habits, including with respect to shopping channels; lower than expected retail customer acceptance or consumer acceptance of, or less than anticipated results from, the Company's existing or new products; higher than expected pension expense and/or cash contributions under its benefit plans, insurance premiums and costs related to litigation, advertising, promotional and/or marketing expenses or lower than expected results from the Company's advertising, promotional and/or marketing plans; higher than expected sales returns or decreased sales of the Company's existing or new products; actions by the Company's customers, such as retailer inventory management and greater than anticipated retailer space reconfigurations or reductions in retail space and/or product discontinuances or a greater than expected impact from retailer pricing or promotional strategies; and changes in the competitive environment and actions by the Company's competitors, including business combinations, technological breakthroughs, new products offerings, increased advertising, promotional and marketing spending and advertising, promotional and/or marketing successes by competitors, including increases in share in the mass retail channel;
- (ii) in addition to the items discussed in (i) above, the effects of and changes in economic conditions (such as continued volatility in the financial markets, inflation, monetary conditions and foreign currency fluctuations and currency controls, as well as in trade, monetary, fiscal and tax policies in international markets) and political conditions (such as military actions and terrorist activities);
- (iii) unanticipated costs or difficulties or delays in completing projects associated with the continued execution of the Company's business strategy or lower than expected revenues or the inability to create value through profitable growth as a result of such strategy, including lower than expected sales, or higher than expected costs, including as may arise from any additional repositioning,

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repackaging or reformulating of one or more brands or product lines, launching of new product lines, including difficulties or delays, or higher than expected expenses, including for sales returns, in launching its new products, acquiring businesses or brands, further refining its approach to retail merchandising, and/or difficulties, delays or increased costs in connection with taking further actions to optimize the Company's manufacturing, sourcing, supply chain or organizational size and structure, as well as the unavailability of cash on hand and/or funds under the 2011 Revolving Credit Facility or from other permitted additional sources of capital to fund such potential activities;

- (iv) difficulties, delays or unanticipated costs or charges or less than expected savings and other benefits resulting from the Company's restructuring activities, such as greater than anticipated costs or charges or less than anticipated cost reductions or other benefits from the September 2012 Program and the risk that any of such programs may not satisfy the Company's objectives;
- (v) difficulties, delays or unanticipated costs in achieving the Company's strategic goal to profitably grow its business and as to the business strategies employed to achieve this goal, such as (a) difficulties, delays or the Company's inability to build its strong brands, such as due to less than effective product development, less than expected acceptance of its new or existing products by consumers and/or retail customers, less than expected acceptance of its advertising, promotional and/or marketing plans by its consumers and/or retail customers, less than expected investment in advertising, promotional and/or marketing activities or greater than expected competitive investment, less than expected acceptance of its brand communication by consumers and/or retail partners, less than expected levels of advertising, promotional and/or marketing activities for its new product launches and/or less than expected levels of execution with its retail partners or higher than expected costs and expenses; (b) difficulties, delays or the inability to develop its organizational capability; (c) difficulties, delays or unanticipated costs in connection with its plans to drive the Company to act globally, such as due to higher than anticipated levels of investment required to support and build its brands globally or less than anticipated results from its national and multi-national brands; (d) difficulties, delays or unanticipated costs in connection with its plans to improve its operating profit and cash flow, such as difficulties, delays or the inability to take actions intended to improve results in sales returns, cost of goods sold, general and administrative expenses, working capital management and/or sales growth; and/or (e) difficulties, delays or unanticipated costs in consummating, or its inability to consummate, transactions to improve its capital structure, strengthen its balance sheet and/or reduce debt, including higher than expected costs (including interest rates);
- (vi) lower than expected operating revenues, cash on hand and/or funds available under the 2011 Revolving Credit Facility and/or other permitted lines of credit or higher than anticipated operating expenses, such as referred to in clause (viii) below;
- (vii) the unavailability of funds under Products Corporation's 2011 Revolving Credit Facility or other permitted lines of credit;
- (viii) higher than expected operating expenses, insurance premiums, sales returns, working capital expenses, permanent wall display costs, capital expenditures, debt service payments, tax payments, cash pension plan contributions, post-retirement benefit plan contributions and/or net periodic benefit costs for the pension and other post-retirement benefit plans and costs related to litigation;
- (ix) interest rate or foreign exchange rate changes affecting the Company and its market-risk sensitive financial instruments and/or difficulties, delays or the inability of the counterparty to perform such transactions;
- (x) difficulties, delays or the inability of the Company to efficiently manage working capital;
- (xi) lower than expected returns on pension plan assets and/or lower discount rates, which could result in higher than expected cash contributions and/or net periodic benefit costs;

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- (xii) difficulties, delays or the inability of the Company to pay the quarterly dividends or the liquidation preference on the Preferred Stock, such as due to the unavailability of funds from Products Corporation related to its payments to Revlon, Inc. under the Contributed Loan or the unavailability of sufficient surplus or net profits to make such dividend payments in accordance with Delaware law or the unavailability of sufficient surplus to make such liquidation preference payments in accordance with Delaware law;
- (xiii) less than expected insurance proceeds related to the fire at Revlon Venezuela's facility, and/or greater than expected lost net sales and/or profits lost as a result of the business interruption;
- (xiv) unexpected significant variances in the Company's cash taxes paid, tax provision and effective tax rate and/or changes in the Company's earnings trends, tax position or future taxable income that may impact the amount or timing of the Company's realization of the benefits of the net deferred tax assets in certain jurisdictions outside of the U.S.;
- (xv) unexpected effects on the Company's business, financial condition and/or its results of operations as a result of legal proceedings; and
- (xvi) unanticipated consequences related to the approval of the settlement of the actions arising from the Exchange Offer, such as the inability to secure court approval of the settlement terms or unanticipated changes in such terms imposed by the courts.

Factors other than those listed above could also cause the Company's results to differ materially from expected results. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.

Website Availability of Reports and Other Corporate Governance Information

The Company maintains a comprehensive corporate governance program, including Corporate Governance Guidelines for Revlon, Inc.'s Board of Directors, Revlon, Inc.'s Board Guidelines for Assessing Director Independence and charters for Revlon, Inc.'s Audit Committee, Nominating and Corporate Governance Committee and Compensation Committee. Revlon, Inc. maintains a corporate investor relations website, www.revloninc.com, where stockholders and other interested persons may review, without charge, among other things, Revlon, Inc.'s corporate governance materials and certain SEC filings (such as Revlon, Inc.'s annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, annual reports, Section 16 reports reflecting certain changes in the stock ownership of Revlon, Inc.'s directors and Section 16 officers, and certain other documents filed with the SEC), each of which are generally available on the same business day as the filing date with the SEC on the SEC's website <http://www.sec.gov>, as well as on the Company's corporate website <http://www.revloninc.com>. In addition, under the section of the website entitled, "Corporate Governance," Revlon, Inc. posts printable copies of the latest versions of its Corporate Governance Guidelines, Board Guidelines for Assessing Director Independence, charters for Revlon, Inc.'s Audit Committee, Nominating and Corporate Governance Committee and Compensation Committee, as well as Revlon, Inc.'s Code of Business Conduct, which includes Revlon, Inc.'s Code of Ethics for Senior Financial Officers, and the Audit Committee Pre-Approval Policy. The business and financial materials and any other statement or disclosure on, or made available through, the websites referenced herein shall not be deemed incorporated by reference into this report.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved in various routine legal proceedings incident to the ordinary course of its business. The Company believes that the outcome of all pending legal proceedings in the aggregate is unlikely to have a material adverse effect on the Company's business, financial condition and/or its results of operations. However, in light of the uncertainties involved in legal proceedings generally, the ultimate outcome of a particular matter could be material to the Company's operating results for a particular period depending on, among other things, the size of the loss or the nature of the liability imposed and the level of the Company's income for that particular period.

As previously announced, on October 8, 2009, the Company consummated its voluntary exchange offer in which, among other things, Revlon, Inc. issued to stockholders who elected to exchange shares (other than MacAndrews & Forbes) 9,336,905 shares of its Preferred Stock in exchange for the same number of shares of Revlon, Inc. Class A Common Stock tendered in the Exchange Offer (the "Exchange Offer"). On April 24, 2009, May 1, 2009, May 5, 2009 and May 12, 2009, respectively, four purported class actions were filed by each of Vern Mercier, Arthur Jurkowitz, Suri Lefkowitz and T. Walter Heiser in the Court of Chancery of the State of Delaware (the "Chancery Court"). On May 4, 2009, a purported class action was filed by Stanley E. Sullivan in the Supreme Court of New York, New York County. Each such lawsuit was brought against Revlon, Inc., Revlon, Inc.'s then directors and MacAndrews & Forbes, and challenged a merger proposal which MacAndrews & Forbes made on April 13, 2009, which would have resulted in MacAndrews & Forbes and certain of its affiliates owning 100% of Revlon, Inc.'s outstanding Common Stock (in lieu of consummating such merger proposal, the Company consummated the aforementioned Exchange Offer). Each action sought, among other things, to enjoin the proposed merger transaction. On June 24, 2009, the Chancery Court consolidated the four Delaware actions (the "Initial Consolidated Action"), and appointed lead counsel for plaintiffs. As announced on August 10, 2009, an agreement in principle was reached to settle the Initial Consolidated Action, as set forth in a Memorandum of Understanding (as amended in September 2009, the "2009 Settlement Agreement").

On December 24, 2009, an amended complaint was filed in the Sullivan action alleging, among other things, that defendants should have disclosed in the Company's Offer to Exchange for the Exchange Offer information regarding the Company's financial results for the fiscal quarter ended September 30, 2009. On January 6, 2010, an amended complaint was filed by plaintiffs in the Initial Consolidated Action making allegations similar to those in the amended Sullivan complaint. Revlon initially believed that by filing the amended complaint, plaintiffs in the Initial Consolidated Action had formally repudiated the 2009 Settlement Agreement, and on January 8, 2010, defendants filed a motion to enforce the 2009 Settlement Agreement.

In addition to the amended complaints in the Initial Consolidated Action and the Sullivan action, on December 21, 2009, certain of Revlon, Inc.'s current directors, a former director and MacAndrews & Forbes were named as defendants in a purported class action filed in the Chancery Court by Edward Gutman. Also on December 21, 2009, a second purported class action was filed in the Chancery Court against certain of Revlon, Inc.'s current directors and a former director by Lawrence Corneck. The Gutman and Corneck actions make allegations similar to those in the amended complaints in the Sullivan action and the Initial Consolidated Action. On January 15, 2010, the Chancery Court consolidated the Gutman and Corneck actions with the Initial Consolidated Action (the Initial Consolidated Action, as consolidated with the Gutman and Corneck actions, is hereafter referred to as the "Consolidated Action"). A briefing schedule was then set to determine the leadership structure for plaintiffs in the Consolidated Action.

On March 16, 2010, after hearing oral argument on the leadership issue, the Chancery Court changed the leadership structure for plaintiffs in the Consolidated Action. Thereafter, newly appointed counsel for the

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plaintiffs in the Consolidated Action and the defendants agreed that the defendants would withdraw their motion to enforce the 2009 Settlement Agreement and that merits discovery would proceed. Defendants agreed not to withdraw any of the concessions that had been provided to the plaintiffs as part of the 2009 Settlement Agreement.

On May 25, 2010, plaintiffs' counsel in the Consolidated Action filed an amended complaint alleging breaches of fiduciary duties arising out of the Exchange Offer and that defendants should have disclosed in the Company's Offer to Exchange information regarding the Company's financial results for the fiscal quarter ended September 30, 2009. On January 10, 2012, plaintiffs' counsel filed a motion for class certification. Briefing on that motion was not completed. Merits discovery proceeded in the Consolidated Action.

On December 31, 2009, a purported class action was filed in the U.S. District Court for the District of Delaware by John Garofalo against Revlon, Inc., certain of Revlon, Inc.'s current directors, a former director and MacAndrews & Forbes alleging federal and state law claims stemming from the alleged failure to disclose in the Offer to Exchange certain information relating to the Company's financial results for the fiscal quarter ended September 30, 2009. On July 29, 2011, the plaintiff in this action filed an amended complaint. On January 31, 2012, defendants filed motions to dismiss the amended complaint in the Garofalo action. On March 2, 2012, the plaintiff in the Garofalo action filed a response opposing defendants' motions to dismiss, and a motion alternatively seeking leave to amend and file a second amended complaint. Briefing is complete on the motions to dismiss and motion to amend and defendants requested oral argument. Defendants previously reached an agreement with the plaintiff in the Garofalo action to permit the plaintiff to participate in merits discovery in the Consolidated Action, and agreed to permit the plaintiff to continue to participate in the merits discovery while the motions to dismiss are pending. An agreement was also reached with the plaintiff in the Sullivan action to stay proceedings in that action, including any response to the amended complaint, until December 21, 2012, so that the plaintiff could participate in the merits discovery in the Consolidated Action.

On May 11, 2010, a purported derivative action was filed in the U.S. District Court for the District of Delaware by Richard Smutek, derivatively and on behalf of Revlon, Inc. against Revlon, Inc.'s then current directors and MacAndrews & Forbes alleging breach of fiduciary duty in allowing the Exchange Offer to proceed and failing to disclose in the Offer to Exchange certain information related to the Company's financial results for the fiscal quarter ended September 30, 2009. On August 16, 2010, defendants moved to dismiss the complaint. Briefing on defendants' motions to dismiss was completed on December 10, 2010. Thereafter, the parties requested oral argument on the motions to dismiss. On September 27, 2010, plaintiff filed a motion to compel discovery. In response, defendants moved to strike plaintiff's motion to compel discovery or, in the alternative, for an extension of time for defendants to respond to plaintiff's motion. On October 17, 2011, the U.S. District Court for the District of Delaware denied plaintiff's motion to compel and granted defendants' motion to strike.

Plaintiffs in each of these actions sought, among other things, an award of damages and the costs and disbursements of such actions, including a reasonable allowance for the fees and expenses of each such plaintiff's attorneys and experts. Because the Smutek action is styled as a derivative action on behalf of the Company, any award of damages, costs and disbursements would be made to and for the benefit of the Company.

Although the Company disputes the allegations in the pending actions and believes them to be without merit, on June 21, 2012, without admitting any liability, Revlon, Inc., Revlon, Inc.'s then directors and MacAndrews & Forbes (collectively, "Defendants") entered into a binding Memorandum of Understanding ("MOU") with Fidelity Management & Research Company ("FMR Co.") and its investment advisory affiliates, all of which are direct or indirect subsidiaries of FMR LLC (collectively, "Fidelity"), which through various funds and management agreements controlled the largest block of shares to participate in the Exchange Offer, to settle potential claims Fidelity could have as a potential member of the classes that plaintiffs seek to certify in the pending actions.

Fidelity executed the MOU on behalf of 6,111,879 shares (the "Fidelity Controlled Shares") out of the 6,933,526 shares (the "Fidelity Shares") of the Company's Class A Common Stock that Fidelity exchanged in the

REVLON, INC. AND SUBSIDIARIES

Exchange Offer, and pursuant to the terms of the MOU, the remaining 821,647 shares agreed on July 12, 2012, to participate in the settlement. As part of the settlement, Fidelity agreed, among other things, to accept a cash payment from Defendants of \$22.5 million (the "Fidelity Settlement Amount"), which amount was subsequently paid from insurance proceeds in July 2012, in exchange for Fidelity's opting out with respect to the Fidelity Shares of any purported class action related to the Exchange Offer and Fidelity's release of all related potential claims. On July 20, 2012, Fidelity and the Defendants executed a final Stipulation and Settlement Agreement (the "Stipulation") the terms of which are substantively identical to the terms of the MOU. The Stipulation supersedes the MOU. In addition, on July 17, 2012, the Defendants entered into a binding MOU with two additional stockholders who collectively exchanged 310,690 shares in the Exchange Offer, the terms of which are substantively identical to the settlement with Fidelity and call for the payment of \$1 million, in the aggregate, to the two stockholders. In August 2012, Defendants and the two additional stockholders executed a final Stipulation and Settlement Agreement which supersedes, and is substantively identical to, the MOU. The \$1 million payment was subsequently paid from insurance proceeds in August 2012.

In the second quarter of 2012, the Company recorded a charge and corresponding income from insurance proceeds related to the Company's estimated allocable portion of the Fidelity Settlement Amount and the additional \$1 million payment, which resulted in no impact to the Company's Statement of Operations and Comprehensive (Loss) Income for the second quarter of 2012.

The Defendants also agreed with Fidelity and the two additional stockholders (together, the "settling stockholders") that, in the event a settlement is reached with the purported class action plaintiffs, or an award of damages is issued following a trial in any of the actions, and that settlement amount or damage award exceeds the settlement amounts on a per share basis received by the settling stockholders, the settling stockholders would each receive additional consideration subject to certain parameters. The agreements with the settling stockholders are not subject to court approval and have no effect on the actions other than to exclude the settling stockholders from any certified class.

Although the Company continues to believe it has meritorious defenses to the asserted claims in the actions, the Defendants and plaintiffs agreed to the terms of a settlement and on October 8, 2012, executed settlement agreements that, if approved by the courts to which they are presented, will resolve all claims in all of the actions (the "Settlement").

The Settlement provides that the Defendants will make net cash payments totaling approximately \$9.2 million to settle all of the actions, and full and complete releases will be provided to Defendants from all plaintiffs. If approved by the courts, the Settlement will also result in additional payments to the settling stockholders totaling approximately \$4.2 million, of which approximately \$4 million will be paid to Fidelity.

As previously disclosed in the Q2 2012 Form 10-Q, in the second quarter of 2012, the Company recorded a charge of \$6.7 million with respect to the Company's then-estimated costs of resolving the actions, including the Company's estimate at that time of additional payments to be made to the settling stockholders. In addition to the charge of \$6.7 million it recorded in the second quarter of 2012, the Company has recorded an additional charge of \$2.2 million in the third quarter of 2012 in connection with payments to be made by the Company as a result of the Settlement and the additional payments to be made to the settling stockholders. This additional charge is included within SG&A expenses in the Company's Statements of Operations and Comprehensive (Loss) Income for the three and nine months ended September 30, 2012.

There can be no assurance as to the amount, if any, of additional insurance proceeds that the Company may receive in connection with its resolution of the actions. In any event, at least \$5 million of future payments to be made by the Defendants relating to these matters, including expenses, will not be covered by insurance.

The Settlement is subject to court approval.

REVLON, INC. AND SUBSIDIARIES

Item 1A. Risk Factors

In addition to the other information set forth in this report, when evaluating the Company's business, investors should carefully consider the risk factors discussed in Part I, Item 1A. "Risk Factors" in Revlon, Inc.'s 2011 Form 10-K.

Item 6. Exhibits

- *10.1 Stipulation of Settlement, dated October 8, 2012, by and among: (i) Richard Smutek, derivatively in the right of and for the benefit of nominal defendant Revlon, Inc.; (ii) nominal defendant Revlon, Inc.; and (iii) Ronald O. Perelman, Barry F. Schwartz, David L. Kennedy, Alan T. Ennis, Alan S. Bernikow, Paul J. Bohan, Meyer Feldberg, Ann D. Jordan, Debra L. Lee, Tamara Mellon, Kathi P. Seifert, and MacAndrews & Forbes Holdings Inc. (Revlon, Inc., together with such directors and MacAndrews & Forbes Holdings Inc., the "Defendants").
- *10.2 Stipulation and Agreement of Compromise, Settlement and Release, dated October 8, 2012, by and among: (i) the plaintiffs in the actions captioned *Mercier v. Perelman, et al.*, C.A. No. 4532-VCL (Del. Ch.); *Jurkowitz v. Perelman, et al.*, C.A. No. 4557-VCL (Del. Ch.); *Lefkowitz v. Revlon, Inc., et al.*, C.A. No. 4563-VCL (Del. Ch.); *Heiser v. Revlon, Inc., et al.*, C.A. No. 4578-VCL (Del. Ch.); *Gutman v. Perelman, et al.*, C.A. No. 5158-VCL (Del. Ch.); *Corneck v. Perelman, et al.*, C.A. No. 5160-VCL (Del. Ch.), which were consolidated under the caption *In re Revlon, Inc. Shareholders Litigation*, C.A. No. 4578-VCL (Del. Ch.); *Garofalo v. Revlon, Inc., et al.*, C.A. No. 1:09-CV-01008-GMS (D. Del.); and *Sullivan v. Perelman, et al.*, No. 650257/2009 (N.Y. Sup. Ct.); and (ii) the Defendants.
- *31.1 Certification of Alan T. Ennis, Chief Executive Officer, dated October 25, 2012, pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act.
- *31.2 Certification of Steven Berns, Chief Financial Officer, dated October 25, 2012, pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act.
- 32.1 Certification of Alan T. Ennis, Chief Executive Officer, dated October 25, 2012, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(furnished herewith)
- 32.2 Certification of Steven Berns, Chief Financial Officer, dated October 25, 2012, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(furnished herewith)
- *101.INS XBRL Instance Document
- *101.SCH XBRL Taxonomy Extension Schema
- *101.CAL XBRL Taxonomy Extension Calculation Linkbase
- *101.DEF XBRL Taxonomy Extension Definition Linkbase
- *101.LAB XBRL Taxonomy Extension Label Linkbase
- *101.PRE XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith.

REVLON, INC. AND SUBSIDIARIES

S I G N A T U R E S

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

Dated: October 25, 2012

REVLON, INC.

Registrant

By: /s/ Steven Berns

Steven Berns
Executive Vice President and Chief Financial Officer

By: /s/ Gina M. Mastantuono

Gina M. Mastantuono
Senior Vice President, Corporate Controller and Chief
Accounting Officer

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

RICHARD SMUTEK, derivatively on behalf of REVLON, INC.,	:	
	:	
	:	
Plaintiff,	:	
	:	
v.	:	No. 10-392-GMS
	:	
RONALD O. PERELMAN, DAVID L. KENNEDY, ALAN T. ENNIS, ALAN	:	
S. BERNIKOW, PAUL J. BOHAN, MEYER FELDBERG, ANN D.	:	
JORDAN, DEBRA L. LEE, TAMARA MELLON, BARRY F. SCHWARTZ,	:	
KATHI P. SEIFERT, and MACANDREWS & FORBES HOLDINGS INC.,	:	
	:	
	:	
	:	
Defendants,	:	
	:	
and	:	
	:	
REVLON, INC.,	:	
	:	
Nominal Defendant.	:	
	:	

STIPULATION OF SETTLEMENT

This Stipulation of Settlement (with the exhibits hereto, this “Stipulation”) is made and entered into by and among the following parties: (i) Richard Smutek, derivatively in the right of and for the benefit of nominal defendant Revlon, Inc., by and through his counsel of record (“Plaintiff”), (ii) nominal defendant Revlon, Inc. (“Revlon” or the “Company”) and (iii) Ronald O. Perelman, Barry F. Schwartz, David L. Kennedy, Alan T. Ennis, Alan S. Bernikow, Paul J. Bohan, Meyer Feldberg, Ann D. Jordan, Debra L. Lee, Tamara Mellon, Kathi P. Seifert, and MacAndrews & Forbes Holdings Inc. (“Defendants”), by and through their respective

counsel of record. The parties have entered into this Stipulation in order to fully, finally and forever resolve, discharge and settle the Settled Claims (as defined in Paragraph 7 below), upon and subject to the terms and conditions hereof.

BACKGROUND

WHEREAS, on April 20, 2009, Revlon announced that MacAndrews & Forbes Holdings Inc. (“MacAndrews & Forbes”) proposed a merger transaction (the “Proposal”);

WHEREAS, on April 24, 2009, plaintiff Vern Mercier filed a verified complaint against Revlon, Defendants and now-former Revlon director Kenneth L. Wolfe (“Wolfe”) on behalf of a putative class of Revlon’s stockholders in the Delaware Court of Chancery (the “Delaware Chancery Court”) captioned *Mercier v. Perelman, et al.*, C.A. No. 4532-VCL (Del. Ch.) (the “*Mercier Action*”);

WHEREAS, on May 1, 2009, plaintiff Arthur Jurkowitz filed a verified complaint against Revlon, Defendants and Wolfe on behalf of a putative class of Revlon’s stockholders in the Delaware Chancery Court, captioned *Jurkowitz v. Perelman, et al.*, C.A. No. 4557-VCL (Del. Ch.) (the “*Jurkowitz Action*”);

WHEREAS, on May 4, 2009, plaintiff Stanley S. Sullivan filed a complaint against Revlon, Defendants and Wolfe on behalf of a putative class of Revlon’s stockholders in the New York State Supreme Court, captioned *Sullivan v. Perelman, et al.*, No. 650257/2009 (N.Y. Sup. Ct.) (the “*Sullivan Action*”);

WHEREAS, Wolfe was later dismissed by plaintiff Stanley S. Sullivan from the *Sullivan Action*;

WHEREAS, on May 5, 2009, plaintiff Suri Lefkowitz filed a verified complaint against Revlon, Defendants and Wolfe on behalf of a putative class of Revlon’s stockholders in the Delaware Chancery Court, captioned *Lefkowitz v. Revlon, Inc., et al.*, C.A. No. 4563-VCL (Del. Ch.) (the “*Lefkowitz Action*”);

WHEREAS, on May 12, 2009, plaintiff T. Walter Heiser filed a verified complaint against Revlon, Defendants and Wolfe on behalf of a putative class of Revlon's stockholders in the Delaware Chancery Court, captioned *Heiser v. Revlon, Inc., et al.*, C.A. No. 4578-VCL (Del. Ch.) (the "*Heiser Action*");

WHEREAS, the *Mercier Action*, *Jurkowitz Action*, *Lefkowitz Action* and *Heiser Action* challenged the Proposal (collectively, the "Initial Delaware Actions");

WHEREAS, the *Sullivan Action* also challenged the Proposal;

WHEREAS, on June 24, 2009, the Initial Delaware Actions were consolidated under the caption *In re Revlon, Inc. Shareholders Litigation*, C.A. No. 4578-VCL (Del. Ch.);

WHEREAS, on August 10, 2009, Revlon launched a voluntary exchange offer (the "Exchange Offer");

WHEREAS, following amendments to the terms of the Exchange Offer, the final date on which tenders of Revlon Class A Common Stock could be made was on October 7, 2009;

WHEREAS, on October 8, 2009, the Company consummated the Exchange Offer;

WHEREAS, pursuant to the Exchange Offer, Revlon issued to stockholders who elected to tender shares into the Exchange Offer 9,336,905 shares of its newly issued Series A Preferred Stock in exchange for the same number of shares of Revlon Class A Common Stock tendered in the Exchange Offer;

WHEREAS, on October 29, 2009, Revlon announced its third quarter results for the fiscal quarter ended September 30, 2009;

WHEREAS, on December 21, 2009, plaintiff Edward S. Gutman filed a verified complaint against Defendants and Wolfe on behalf of a putative class of Revlon's stockholders in the Delaware Chancery Court captioned *Gutman v. Perelman, et al.*, C.A. No. 5158-VCL (Del. Ch.) (the "*Gutman Action*");

WHEREAS, on December 21, 2009, plaintiff Lawrence Corneck filed a verified complaint against Defendants and Wolfe on behalf of a putative class of Revlon's stockholders in the Delaware Chancery Court captioned *Corneck v. Perelman, et al.*, C.A. No. 5160-VCL (Del. Ch.) (the "*Corneck Action*");

WHEREAS, the *Gutman Action* and the *Corneck Action* alleged breach of fiduciary duty claims in connection with the Exchange Offer and alleged that information regarding the Company's third quarter 2009 results should have been disclosed in the Exchange Offer materials;

WHEREAS, on December 24, 2009, an amended complaint was filed in the *Sullivan Action* on behalf of stockholders that participated in the Exchange Offer, alleging, among other things, that information regarding the Company's financial results for the third quarter 2009 should have been disclosed in the Exchange Offer materials;

WHEREAS, on December 31, 2009, plaintiff John Garofalo filed a putative class action complaint on behalf of stockholders that participated in the Exchange Offer against Defendants and Revlon¹ in the United States District Court for the District of Delaware (the "Delaware District Court" or the "Court") captioned *Garofalo v. Revlon, Inc., et al.*, C.A. No. 1:09-cv-01008-GMS (D. Del.) (the "*Garofalo Action*"), alleging federal and state law claims in

¹ Wolfe was initially named as a defendant in the *Garofalo Action*, but was later dismissed.

connection with the Exchange Offer and alleging that information regarding the Company's financial results for the third quarter 2009 should have been disclosed in the Exchange Offer materials;

WHEREAS, on January 6, 2010, an amended complaint was filed by plaintiffs in the Initial Delaware Actions against Revlon, Defendants and Wolfe, making allegations similar to those contained in the amended *Sullivan* Action complaint;

WHEREAS, on January 15, 2010, the Delaware Chancery Court consolidated the *Gutman* Action and *Corneck* Action with the previously consolidated Initial Delaware Actions (the Initial Delaware Actions, *Gutman* Action and *Corneck* Action, collectively, are hereafter referred to as the "Consolidated Action");

WHEREAS, on May 11, 2010, Plaintiff, on behalf of Revlon, filed a derivative complaint against Defendants and current Revlon director Richard J. Santagati ("Santagati") in the Delaware District Court captioned *Smutek v. Perelman, et al.*, No. 1:10-CV-00392-GMS (D. Del.) (the "*Smutek* Action"), in connection with the Exchange Offer and the alleged failure to disclose information in the Exchange Offer materials regarding the Company's financial results for the third quarter 2009;

WHEREAS, Revlon was named as a nominal defendant in the *Smutek* Action;

WHEREAS, Plaintiff later filed a voluntary dismissal of Santagati from the *Smutek* Action;

WHEREAS, the complaint in the *Smutek* Action alleged, among other things, that Defendants' alleged misconduct with respect to the Exchange Offer exposed Revlon to litigation such as the *Garofalo* Action, *Gutman* Action and *Corneck* Action, and potential damages therefrom;

WHEREAS, on May 25, 2010, an amended complaint was filed in the Consolidated Action alleging breach of fiduciary duty claims in connection with the Exchange Offer and claiming that information regarding the Company's financial results for the third quarter 2009 should have been disclosed in the Exchange Offer materials;

WHEREAS, on August 16, 2010, Defendants and nominal defendant Revlon moved to dismiss the complaint in the *Smutek* Action;

WHEREAS, the motions to dismiss the complaint in the *Smutek* Action are fully briefed and currently pending; and

WHEREAS, on August 10, 2012, the parties to all the actions identified above (the "Actions") reached a comprehensive agreement in principle providing for the settlement of the Actions on the terms and conditions set forth in a stipulation to be filed with the Delaware Chancery Court (the "Consolidated Action Settlement") and in this Stipulation.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and among Plaintiff (derivatively in the right of and for the benefit of the Company), the Company and Defendants, that, subject to approval of the Court pursuant to Federal Rule of Civil Procedure 23.1(c), the *Smutek* Action and the Settled Claims (as defined in Paragraph 7 below) shall be finally and fully compromised, settled and released, upon and subject to the terms and conditions of this Stipulation as follows (the "Settlement"):

THE SETTLEMENT

SETTLEMENT CONSIDERATION AND BENEFIT

1. **Settlement Consideration and Benefit.** In consideration for the full settlement and dismissal of the *Smutek* Action with prejudice, and for the releases provided for below, Defendants will pay Revlon \$400,000 (the "Settlement Payment") within ten (10) business days of the Effective Date (as defined in Paragraph 11 below).

REASONS FOR THE SETTLEMENT

2. Each of the Defendants and nominal defendant Revlon has denied, and continues to deny, all charges of wrongdoing or liability against them as related to the subject matters alleged in the Actions and believe they would have prevailed on their respective motions to dismiss the *Smutek* Action with prejudice and, in any event, would have prevailed on the merits. Defendants and nominal defendant Revlon expressly maintain that they diligently and scrupulously have complied with any and all fiduciary duties and other legal obligations. Defendants and nominal defendant Revlon also have denied and continue to deny, among other things, the allegations that Plaintiff (or Revlon) has suffered damage or that Plaintiff (or Revlon) was harmed by the conduct alleged in the *Smutek* Action. Nonetheless, Defendants and nominal defendant Revlon have determined that it is desirable and beneficial to Revlon and Revlon's stockholders that the *Smutek* Action be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation. Defendants and nominal defendant Revlon have taken into account the burden, expense, inconvenience, distraction, delay, uncertainty and risks inherent in any litigation, especially in complex cases like the *Smutek* Action, and believe the Settlement is preferable to continued litigation.

3. Plaintiff's counsel has determined that the Settlement set forth in this Stipulation is in the best interests of Revlon and its stockholders, and will provide Revlon and its stockholders with substantial benefits. Although Plaintiff believes that the claims asserted in the *Smutek* Action have merit, Plaintiff's counsel recognizes uncertainty and risks inherent in any litigation, especially in a complex matter such as the *Smutek* Action. Plaintiff's counsel also is

mindful of the inherent problems of proof and of the potential defenses to the claims asserted in the *Smutek* Action, including those set forth in Revlon's (as a nominal defendant) and Defendants' respective memoranda of law in support of their respective motions to dismiss. Further, in determining that the Settlement set forth in this Stipulation is in the best interests of Revlon and its stockholders, Plaintiff's counsel has taken into account their conversations with counsel for the other plaintiffs in the Actions as part of the settlement negotiations in the related class action lawsuits pending before the Court and in the Delaware Chancery Court and New York State Supreme Court.

NOTICE, ORDER, SETTLEMENT HEARING AND APPROVAL

4. As soon as practicable after this Stipulation has been executed, the parties shall submit this Stipulation to the Court and move the Court for entry of an order in substantially the form of Exhibit A attached hereto, requesting, among other things, preliminary approval of the Settlement set forth in this Stipulation and approval of the form and manner of notice. The parties shall request that after notice is given, the Court hold a hearing (the "Settlement Hearing") and approve the Settlement of the *Smutek* Action as set forth herein and issue an order and final judgment (the "Order and Final Judgment") in substantially the form of Exhibit B attached hereto.

5. Notice of the proposed Settlement shall be provided by Revlon. Revlon will publish a notice of the Settlement in substantially the form attached hereto as Exhibit A-1 (the "Notice") on the Company's website. Revlon will also file with the United States Securities and Exchange Commission a Form 8-K attaching a copy of the Notice. Revlon shall also cause an abbreviated form of the Notice in substantially the form attached hereto as Exhibit A-2 to be published in *Investor's Business Daily* (the "Summary Notice"). All costs of such Notice and

Summary Notice, and any other notice required by the Court, shall be paid by Revlon. Prior to the Settlement Hearing, Revlon's counsel shall file with the Court an appropriate affidavit or declaration with respect to providing the Notice and the Summary Notice.

RELEASES

6. Upon Final Approval (as defined in Paragraph 11 below) of the Settlement, Plaintiff's derivative claims asserted in the *Smutek* Action against Defendants and nominal defendant Revlon shall be dismissed on the merits with prejudice, without costs, except as provided herein.

7. The Order and Final Judgment shall, among other things, provide for the full and complete dismissal of the *Smutek* Action with prejudice, and the settlement and release of, and a permanent injunction barring, any claims, demands, rights, actions, causes of action, liabilities, damages, losses, obligations, judgments, duties, suits, costs, expenses, matters and issues, known or unknown, contingent or absolute, suspected or unsuspected, disclosed or undisclosed, liquidated or unliquidated, matured or unmatured, accrued or unaccrued, apparent or unapparent, that have been, could have been, or in the future can or might be asserted in any court, tribunal or proceeding (including, but not limited to, any claims arising under federal, state, foreign or common law, including the federal securities laws and any state disclosure law), derivatively on behalf of Revlon, or by Revlon, or by or on behalf of Plaintiff (as an individual or as a class representative), whether individual, direct, class, derivative (on behalf of Revlon or otherwise), representative, legal, equitable, or any other type or in any other capacity (collectively, the "Releasing Persons") against Defendants, Wolfe, Santagati, nominal defendant Revlon or any of their respective families, parent entities, controlling persons, associates, affiliates or subsidiaries and each and all of their respective past or present officers, directors, stockholders, principals,

representatives, employees, attorneys, financial or investment advisors, consultants, accountants, investment bankers, commercial bankers, entities providing fairness opinions, underwriters, advisors or agents, heirs, executors, trustees, general or limited partners or partnerships, limited liability companies, members, joint ventures, personal or legal representatives, estates, administrators, predecessors, successors and assigns (collectively, the "Released Persons") which the Releasing Persons ever had, now have, or may have by reason of, arising out of, relating to, or in connection with the acts, events, facts, matters, transactions, occurrences, statements, or representations, or any other matter whatsoever set forth in or otherwise related, directly or indirectly, to the allegations in the *Smutek* Action, the complaint in the *Smutek* Action, the Proposal, the Exchange Offer and other transactions contemplated therein, disclosures made in connection therewith (including the adequacy and completeness of such disclosures), any disclosure of the Company's actual, projected or estimated financial results for the third quarter 2009, or any other disclosure made by Revlon from the date of the Proposal through the date Revlon announced its financial results for the third quarter 2009 (including the adequacy and completeness of such disclosures) (the "Settled Claims"); *provided, however*, that the Settled Claims shall not release any claims to enforce the Settlement.

8. The Order and Final Judgment shall bar and release any and all claims, known or unknown, for damages, injunctive relief, or any other remedies against Plaintiff, his attorneys or agents based upon, arising from, or related to prosecution and/or settlement of the *Smutek* Action.

9. The Order and Final Judgment shall provide that the releases in Paragraphs 7 and 8 above shall extend to all claims that Releasing Persons do not know or suspect to exist at the time of the release of the Settled Claims, which, if known, might have affected the Releasing

Persons' decisions to enter into the releases or the Settlement. Additionally, Plaintiff and the Company acknowledge that they may discover facts in addition to or different from those now known or believed to be true with respect to the Settled Claims, but that it is the intention of the Company and Plaintiff to completely, fully, finally and forever compromise, settle, release, discharge, extinguish, and dismiss any and all Settled Claims, known or unknown, suspected or unsuspected, contingent or absolute, accrued or unaccrued, apparent or unapparent, which now exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery of additional or different facts. Plaintiff and the Company acknowledge that "Unknown Claims" are expressly included in the definition of "Settled Claims," and that such inclusion was expressly bargained for and was a key element of the Settlement and was relied upon by each and all of the Defendants and the Company in entering into this Stipulation. "Unknown Claims" means any claim that Plaintiff or the Company does not know or suspect exists in his or its favor at the time of the release of the Settled Claims as against the Released Persons, including, without limitation, those which, if known, might have affected the decision to enter into the Settlement. With respect to any of the Settled Claims, the parties stipulate and agree that upon Final Approval (as defined in Paragraph 11 below) of the Settlement, the Company and Plaintiff shall be deemed to have, and by operation of the Order and Final Judgment by the Court shall have, expressly waived, relinquished and released any and all provisions, rights and benefits conferred by or under Cal. Civ. Code § 1542 or any law of the United States or any state of the United States or territory of the United States, or principle of common law, which is similar, comparable or equivalent to Cal. Civ. Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

10. Plaintiff and the Company acknowledge that the foregoing waiver was separately bargained for, is an integral element of the Settlement, and was relied upon by each and all of the Defendants and the Company in entering into the Settlement.

CONDITIONS OF SETTLEMENT

11. The Settlement is conditioned upon, and effective upon, the fulfillment of each of the following (the "Effective Date"):

(i) the Settlement becoming final ("Final Approval") upon the completion of: (a) negotiation and execution of this Stipulation and any related documentation; (b) approval of the Settlement, entry of the Order and Final Judgment, and dismissal with prejudice of the *Smutek* Action in substantially the form attached hereto as Exhibit B, without the award of any damages, costs, or fees except as specifically provided in this Stipulation and approved by the Court; and (c) such Order and Final Judgment is either finally affirmed on appeal, or is not subject to appeal (or further appeal) by lapse of time or otherwise;

(ii) negotiation and execution of the settlement stipulation in the Consolidated Action and any related documentation, approval of the Consolidated Action Settlement by the Delaware Chancery Court, entry of an order and final judgment in the Consolidated Action, which order and final judgment is either finally affirmed on appeal, or is not subject to appeal (or further appeal) by lapse of time or otherwise, and dismissal with prejudice of the Consolidated Action; and

(iii) dismissal with prejudice of the *Sullivan* Action and *Garofalo* Action, which dismissals are finally affirmed on appeal, or are not subject to appeal (or further appeal), by lapse of time or otherwise.

12. Each of the Defendants and the Company shall have the right to withdraw from the Settlement in the event that any claims related to the Settled Claims are commenced or prosecuted against any of the Released Persons (as defined in Paragraph 7 above) in any court prior to Final Approval of the Settlement and (following a motion by Defendants or the Company) such claims are not dismissed with prejudice or stayed in contemplation of dismissal. In the event such claims are commenced, the parties agree to cooperate and use their reasonable best efforts to secure the dismissal (or a stay in contemplation of dismissal following Final Approval of the Settlement) thereof.

13. This Stipulation shall be null and void and of no force and effect if the Settlement does not obtain Final Approval, as defined in Paragraph 11 above, for any reason. In any such event, this Stipulation shall not be deemed to prejudice in any way the respective positions of the parties with respect to the Actions or to entitle any party to the recovery of costs and expenses incurred in connection with the intended implementation of the Settlement; *provided, however*, that Revlon shall be responsible for paying the costs of providing the Notice and the Summary Notice regardless of whether the Settlement is approved.

14. In the event that the proposed Settlement is rendered null and void for any reason, the existence of or the provisions contained in this Stipulation shall not be deemed to prejudice in any way the respective positions of Plaintiff, Revlon or Defendants with respect to the Actions; nor shall they be deemed a presumption, concession, or admission by Plaintiff, Revlon or any of the Defendants of any fault, liability, or wrongdoing as to any facts, claims, or defenses that have

been or might have been alleged or asserted in the Actions, or any other action or proceeding or each thereof; nor shall they be interpreted, construed, deemed, invoked, offered, or received in evidence or otherwise used by any person in the Actions, or any other action or proceeding.

15. In the event that (i) the Court declines, in any material respect (except for a disallowance or modification of the fees and/or expenses sought by Plaintiff's counsel), to enter the Order and Final Judgment provided for in this Stipulation and any one of the parties hereto fails to consent to the entry of another form of order in lieu thereof; (ii) the Court disapproves the Settlement proposed in this Stipulation, including any amendments thereto agreed upon by all of the parties; (iii) the Court approves the Settlement proposed in this Stipulation or any amendment thereto approved by all of the parties, but such approval is reversed or substantially modified on appeal (except reversal or modification related only to the issue of Plaintiff's counsel's attorneys' fees and/or the reimbursement of expenses) and such reversal or modification becomes final by a lapse of time or otherwise; then, in any of such events, this Stipulation, the Settlement proposed in this Stipulation (including any amendments thereof), and any actions taken or to be taken with respect to the Settlement proposed in this Stipulation and the Order and Final Judgment to be entered shall be of no further force or effect and shall be null and void, and shall be without prejudice to any of the parties hereto, who shall be restored in all respects to their respective positions existing prior to the execution of this Stipulation. For purposes of this provision, a disallowance or modification by the Court of the attorneys' fees and/or expenses sought by Plaintiff's counsel shall not be deemed an amendment, modification or disapproval of the Settlement or the Order and Final Judgment.

16. The obligations of Defendants and Revlon under this Stipulation are conditioned upon satisfaction of the conditions set forth in Paragraph 11 above. Notwithstanding anything in

this Stipulation to the contrary, the effectiveness of the releases set forth in Paragraphs 6 through 10 above, and the other obligations of Plaintiff, Defendants and Revlon under the Settlement (except with respect to the payment of attorneys' fees and expenses), shall not be conditioned upon or subject to the resolution of any appeal from the Court's entry of the Order and Final Judgment, if such appeal relates solely to the issue of Plaintiff's counsel's application for an award of attorneys' fees and/or the reimbursement of expenses.

17. Pending final determination of whether the Settlement should be approved, Plaintiff is barred and enjoined from commencing, prosecuting, instigating or in any way participating in the commencement or prosecution of any action asserting any Settled Claims, either directly, representatively, derivatively, or in any other capacity, against Defendants, the Company or any of the Released Persons.

18. If any action that would be barred by the releases contemplated by the Settlement is commenced against any of the parties to this Stipulation in any court prior to the Settlement being fully approved by Court, the parties will collectively in good faith seek the dismissal or stay of such action. If any such motion to dismiss such action is not granted or if any such motion to stay such action is not granted in contemplation of dismissal after approval of the Settlement contemplated hereby, any Defendant or Revlon may at his, her or its sole option, prior to the Settlement Hearing conducted by the Court, withdraw from the Settlement. In such a circumstance, the Settlement will be null and void.

AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF EXPENSES

19. Subject to the terms and conditions of this Stipulation, approval of the Settlement, entry of the Order and Final Judgment, Final Approval of the Settlement and final dismissal of the Actions, and after all of the foregoing events are no longer subject to appeal (or further

appeal) by lapse of time or otherwise, Plaintiff's counsel may receive from the Settlement Payment such amount of attorneys' fees and expenses that the Court deems appropriate. Plaintiff's counsel will make an application to the Court for attorneys' fees and expenses. Defendants and Revlon reserve the right to oppose the award of attorneys' fees and expenses if Plaintiff's counsel's application exceeds 30% of the Settlement Payment. No other application for attorneys' fees and expenses shall be filed, and counsel for Plaintiff expressly waives, in this Stipulation, any right to seek any award of such fees and expenses except as set forth in this Paragraph 19. Payment of attorneys' fees and expenses to Plaintiff's counsel is expressly contingent upon all of the conditions in Paragraph 11 above being met. Plaintiff's counsel may seek a compensatory award for Plaintiff of up to \$1,000 to be paid from any award of attorneys' fees and expenses that the Court may award. Payment of attorneys' fees and expenses, and any compensatory award, will be made within ten (10) business days of the Effective Date. Except as provided in this Stipulation, Defendants and Revlon shall bear no other expenses, costs, damages or fees incurred by Plaintiff or any of his attorneys, experts, advisors, agents, or representatives. Defendants and Revlon shall have no responsibility for, or liability with respect to, the allocation among any counsel for Plaintiff of any award of attorneys' fees and expenses that the Court may make, and Defendants and Revlon take no position with respect to such matters.

20. Any failure of the Court to approve a request for attorneys' fees and expenses in whole or in part shall not affect the remainder of the Settlement.

MISCELLANEOUS PROVISIONS

21. **No Admission.** The provisions contained in this Stipulation and the Settlement Payment described in Paragraph 1 above shall not be deemed a presumption, concession, or

admission by any of the Defendants or Revlon in the Actions of any fault, liability, or wrongdoing as to any facts or claims alleged or asserted in the Actions, or any other actions or proceedings, and shall not be interpreted, construed, deemed, invoked, offered, or received in evidence or otherwise used by any person in the Actions, or in any other action or proceeding, whether civil, criminal, or administrative, except that: (i) this Stipulation and/or its exhibits may be filed in any litigation or judicial proceeding to enforce the terms of the Settlement; and (ii) Revlon and/or Defendants may file, cite and/or refer to this Stipulation and/or the Order and Final Judgment in related litigation as evidence of the Settlement, or in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

22. **Representation and Warranty.** Plaintiff and his counsel represent and warrant that (i) Plaintiff is a Revlon Class A Common stockholder and (ii) none of Plaintiff's claims or causes of action, or any claims Plaintiff could have alleged, have been assigned, encumbered, or in any manner transferred in whole or in part.

23. **Stay of Litigation.** Pending Final Approval of the Settlement, the parties agree to stay proceedings in the *Smutek* Action and not to initiate any other proceedings other than those incident to the Settlement itself.

24. **Best Efforts.** The parties and their attorneys agree to cooperate fully with one another in seeking the Court's approval of this Stipulation and the Settlement, and to use their best efforts to effect, take, or cause to be taken all actions, and to do, or cause to be done, all things reasonably necessary, proper, or advisable under applicable laws, regulations, and agreements to consummate and make effective, as promptly as practicable, this Stipulation and

the Settlement provided for hereunder (including, but not limited to, using their best efforts to resolve any objections raised to the Settlement) and the dismissal of the *Smutek* Action with prejudice and without costs, fees or expenses to any party (except as provided for by Paragraph 19 above).

25. **Extensions of Time.** The parties may agree to reasonable extensions of time in order to carry out any provisions of this Stipulation.

26. **Entire Agreement; Amendments.** This Stipulation constitutes the entire agreement among the parties with respect to the subject matter hereof, and may be modified or amended only by a writing signed by the signatories hereto.

27. **Counterparts.** This Stipulation may be executed in multiple counterparts by any of the signatories hereto, including by facsimile or electronic mail, and as so executed shall constitute one agreement.

28. **Governing Law.** This Stipulation and the Settlement contemplated by it shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflict of laws principles.

29. **Successors and Assigns.** This Stipulation, and all rights and powers granted hereby, shall be binding upon and inure to the benefit of the parties and their respective agents, executors, heirs, successors, affiliates and assigns.

30. **Authority.** The undersigned attorneys represent and warrant that they have the authority from their client(s) to enter into this Stipulation and bind their client(s) thereto.

/s/ Raymond J. DiCamillo

Raymond J. DiCamillo (#3188)
Kevin M. Gallagher (#5337)
920 North King Street
Wilmington, Delaware 19801
(302) 651-7700

/s/ John V. Work

John V. Work (#4666)
800 N. King Street, Suite 303
Wilmington, Delaware 19801
(302) 540-8747

Counsel for Plaintiff in the Smutek Action

GIBSON, DUNN & CRUTCHER LLP

/s/ Marshall R. King

Lawrence Zweifach
Marshall R. King
200 Park Avenue, 47th Floor
New York, New York 10166
(212) 351-4000

*Counsel for Defendants Bernikow, Bohan, Feldberg, Jordan, Lee, Mellon,
and Seifert*

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

VIANALE & VIANALE LLP

/s/ Thomas J. Allingham II

Thomas J. Allingham II (#476)
Alyssa S. O'Connell (#4351)
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Wilmington, Delaware 19899
(302) 651-3000

/s/ Kenneth J. Vianale

Kenneth J. Vianale
2499 Glades Road, Suite 112
Boca Raton, Florida 33431
(561) 392-4750

Counsel for Plaintiff in the Smutek Action

Counsel for Defendants Ennis, Kennedy, and Revlon, Inc.

/s/ Andre G. Bouchard

Andre G. Bouchard (#2504)
Jamie L. Brown (#5551)
222 Delaware Avenue, Suite 1400
Wilmington, Delaware 19801
(302) 573-3500

/s/ Ronen Sarraf

Ronen Sarraf
450 Seventh Avenue
New York, New York 10123
(212) 868-3610

Counsel for Plaintiff in the Smutek Action

WACHTELL, LIPTON, ROSEN & KATZ

/s/ William Savitt

William Savitt
51 West 52nd Street
New York, New York 10019
(212) 403-1000

Counsel for Defendants Perelman, Schwartz, and MacAndrews & Forbes Holdings Inc.

Dated: October 8, 2012

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

RICHARD SMUTEK, derivatively on behalf of REVLON, INC.,	:	
	:	
	:	
Plaintiff,	:	
	:	No. 10-392-GMS
v.	:	
	:	
	:	
RONALD O. PERELMAN, DAVID L. KENNEDY, ALAN T. ENNIS, ALAN S. BERNIKOW, PAUL J. BOHAN, MEYER FELDBERG, ANN D. JORDAN, DEBRA L. LEE, TAMARA MELLON, BARRY F. SCHWARTZ, KATHI P. SEIFERT, and MACANDREWS & FORBES HOLDINGS INC.,	:	
	:	
	:	
Defendants,	:	
	:	
and	:	
	:	
REVLON, INC.,	:	
	:	
	:	
Nominal Defendant.	:	
	:	
	:	
	:	

**ORDER PRELIMINARILY APPROVING
SETTLEMENT AND PROVIDING FOR NOTICE**

WHEREAS, the above-captioned action is pending before the Court (the “*Smutek* Action”);

WHEREAS, the parties (the “Parties”) have made an application, pursuant to Rule 23.1(c) of the Federal Rules of Civil Procedure, for an order: (i) preliminarily approving the settlement (the “Settlement”) of the *Smutek* Action, in accordance with a Stipulation of Settlement dated October 8, 2012 (with the exhibits attached thereto, the “Stipulation”) and dismissing the *Smutek* Action with prejudice, upon the terms and conditions set forth therein; (ii) approving the form and content of the Notice of Pendency of Derivative Action, Proposed

Settlement of Derivative Action, Settlement Hearing and Right to Appear (the "Notice"); (iii) approving the form and content of the Summary Notice of Pendency of Derivative Action, Proposed Settlement of Derivative Action and Settlement Hearing (the "Summary Notice"); and (iv) setting a hearing for final approval of the Settlement (the "Settlement Hearing"); and

WHEREAS, the Court has read and considered the Stipulation, the Notice, and the Summary Notice.

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. Pursuant to Federal Rule of Civil Procedure 23.1(c) and by this Order, the Court hereby preliminarily approves the Stipulation and the Settlement set forth therein, including the terms and conditions for settlement and dismissal with prejudice of the *Smutek* Action, subject to further consideration at the Settlement Hearing described below.

2. The Settlement Hearing shall be held before the Court on _____, 2012, at _____ .m., at the United States District Court for the District of Delaware, J. Caleb Boggs Federal Building, 844 N. King Street, Courtroom 2A, Wilmington, Delaware 19801, to determine: (i) whether the proposed Settlement of the *Smutek* Action on the terms and conditions provided for in the Stipulation is fair, reasonable, adequate and in the best interests of Revlon, Inc. ("Revlon") and Current Revlon Stockholders (as defined in Paragraph 7 below), and should be approved by the Court; (ii) whether plaintiff Richard Smutek's ("Plaintiff") counsel's application for attorneys' fees and expenses as well as any compensatory award for Plaintiff should be granted; and (iii) whether an Order and Final Judgment should be entered pursuant to the Stipulation, approving the proposed Settlement and dismissing the *Smutek* Action.

3. The Court may adjourn the date of the Settlement Hearing or any adjournment thereof, including the consideration of Plaintiff's counsel's application for attorneys' fees and

expenses as well as any compensatory award for Plaintiff, without further notice of any kind to Current Revlon Stockholders (as defined in Paragraph 7 below) other than oral announcement at the Settlement Hearing or any adjournment thereof.

4. The Court reserves the right to approve the proposed Settlement at or after the Settlement Hearing with such modification(s) as may be consented to by the Parties to the Stipulation without further notice to Current Revlon Stockholders (as defined in Paragraph 7 below).

5. The Court approves, in form and content, the Notice and the Summary Notice attached as Exhibit A-1 and Exhibit A-2, respectively, to the Stipulation and hereto, and finds that posting the Notice and publishing the Summary Notice in substantially the manner and form set forth in Paragraph 6 of this Order and filing with the United States Securities and Exchange Commission (the "SEC") a Form 8-K attaching a copy of the Notice meets the requirements of Federal Rule of Civil Procedure 23.1(c), due process, and is the best notice practicable under the circumstances and shall constitute due and sufficient notice to all persons entitled thereto.

6. Counsel for the Parties are hereby ordered to cooperate to supervise and administer the notice procedure as more fully set forth below:

(i) within twenty (20) business days of the entry of this Order, Revlon will cause the Summary Notice to be published in *Investor's Business Daily*, in substantially the form attached to the Stipulation and hereto as Exhibit A-2;

(ii) within twenty (20) business days of the entry of this Order, Revlon will post the Notice in substantially the form attached to the Stipulation and hereto as Exhibit A-1 on its website at www.revlon.com on the Investor Relations page, which can be accessed through the Corporate page, under the heading "Smutek Derivative Action Settlement Notice";

(iii) Revlon will file with the SEC a Form 8-K attaching a copy of the Notice;

(iv) a copy of the Form 8-K attaching the Notice will be available on Revlon's website at www.revlon.com on the Investor Relations page, which can be accessed through the Corporate page, under the heading "SEC Filings"; and

(v) counsel for Revlon shall, at least ten (10) business days prior to the Settlement Hearing, file with the Court an appropriate affidavit or declaration with respect to providing the Notice and the Summary Notice.

7. All current holders of Revlon Class A Common Stock ("Current Revlon Stockholders") shall be bound by all orders, determinations and judgments in the *Smutek* Action concerning the Stipulation and the Settlement.

8. All proceedings in the *Smutek* Action, other than such proceedings as may be necessary to carry out the terms and conditions of the Settlement, are hereby stayed and suspended until further order of the Court. Pending final determination of whether the Settlement should be approved, neither Plaintiff nor any person derivatively on behalf of Revlon shall either directly, representatively, derivatively or in any other capacity, commence or prosecute against any of the Released Persons (as defined in the Stipulation) any action or proceeding in any court or tribunal asserting any of the Settled Claims (as defined in the Stipulation).

9. Current Revlon Stockholders who object to the proposed settlement of the *Smutek* Action, the Order and Final Judgment to be entered in the *Smutek* Action, and/or Plaintiff's counsel's request for attorneys' fees and reimbursement of expenses as well as any compensatory award for Plaintiff, or who otherwise wish to be heard, may appear in person or by their attorney at the Settlement Hearing and present evidence or argument that may be proper and relevant;

provided, however, that, except by Order of the Court for good cause shown, no person shall be heard and no papers, briefs, pleadings or other documents submitted by any person shall be considered by the Court unless not later than ten (10) business days prior to the Settlement Hearing such person files with the Clerk of the Court and serves upon counsel listed below: (i) a written notice of intention to appear, identifying the name, address and telephone number of the objector and, if represented, the objector's counsel; (ii) a signed written statement by the objector of such objector's objections to any matters before the Court; (iii) the grounds for such objections and the reasons that such objector desires to appear and be heard; (iv) proof of ownership of Revlon Class A Common Stock, including the number of shares presently held and the date(s) of purchase; and (v) all documents and writings such objector desires the Court to consider. Such filings shall be served upon the following counsel:

Kenneth J. Vianale
Vianale & Vianale LLP
2499 Glades Road, Suite 112
Boca Raton, Florida 33431

William Savitt
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019

Thomas J. Allingham II
Alyssa S. O'Connell
Skadden, Arps, Slate, Meagher & Flom LLP
One Rodney Square
P.O. Box 636
Wilmington, Delaware 19899

Lawrence Zweifach Marshall R. King
Gibson, Dunn & Crutcher LLP
200 Park Avenue, 47th Floor
New York, New York 10166

Such papers must also be filed with the Clerk of the Court, United States District Court for the District of Delaware, 844 N. King Street, Wilmington, Delaware 19801.

10. Unless the Court otherwise directs, no Current Revlon Stockholders shall be entitled to object to the approval of the Settlement, any judgment entered thereon, any award of attorneys' fees and expenses, or otherwise be heard, except by serving and filing a written objection and supporting papers and documents as described in Paragraph 9 above. Current Revlon Stockholders who fail to object in the manner described above shall be deemed to have waived the right to object (including any right of appeal) and shall be forever barred from raising such objection in the *Smutek* Action or any other action or proceeding.

11. The Parties shall file any papers, including memoranda or briefs, in response to any objections no later than five (5) business days prior to the Settlement Hearing.

12. Plaintiff's counsel shall file and serve papers in support of approval of the proposed Settlement and their application for attorneys' fees and reimbursement of expenses no later than twenty (20) business days prior to the Settlement Hearing, with any objections by parties to the application for attorneys' fees and reimbursement of expenses filed and served no later than ten (10) business days prior to the Settlement Hearing; if reply papers are necessary, they are to be filed and served no later than three (3) business days prior to the Settlement Hearing.

13. If the Court approves the proposed Settlement provided for in the Stipulation following the Settlement Hearing, the Order and Final Judgment shall be entered substantially in the form attached to the Stipulation as Exhibit B.

14. If the Settlement, including any amendment made in accordance with the Stipulation, is not approved by the Court or shall not become effective for any reason

whatsoever, the Settlement (including any modification thereof made with the consent of the Parties as provided for in the Stipulation) and any actions taken or to be taken in connection therewith (including this Order and any judgment entered herein) shall be terminated and shall become void and of no further force and effect, except for the obligation of Revlon to pay for any expenses incurred in connection with the Notice, the Summary Notice and administration provided for by this Order.

15. Neither the Stipulation, nor any provision contained in the Stipulation, nor any action undertaken pursuant thereto, nor the negotiation thereof by any party shall be deemed an admission or received as evidence in the *Smutek* Action or any other action or proceeding.

16. The Court may, for good cause, extend any of the deadlines set forth in this Order without further notice to Current Revlon Stockholders.

SO ORDERED this day of , 2012.

CHIEF JUDGE GREGORY M. SLEET

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

RICHARD SMUTEK, derivatively on behalf of REVLON, INC.,	:	
	:	
Plaintiff,	:	
	:	No. 10-392-GMS
v.	:	
	:	
RONALD O. PERELMAN, DAVID L. KENNEDY, ALAN T. ENNIS, ALAN S. BERNIKOW, PAUL J. BOHAN, MEYER FELDBERG, ANN D. JORDAN, DEBRA L. LEE, TAMARA MELLON, BARRY F. SCHWARTZ, KATHI P. SEIFERT, and MACANDREWS & FORBES HOLDINGS INC.,	:	
	:	
Defendants,	:	
	:	
and	:	
	:	
REVLON, INC.,	:	
	:	
Nominal Defendant.	:	
	:	
	:	
	:	
	:	

**NOTICE OF PENDENCY OF DERIVATIVE ACTION, PROPOSED SETTLEMENT OF
DERIVATIVE ACTION, SETTLEMENT HEARING AND RIGHT TO APPEAR**

TO: ALL CURRENT HOLDERS OF REVLON, INC. (“REVLON” OR THE “COMPANY”) CLASS A COMMON STOCK (“CURRENT REVLON STOCKHOLDERS”).

YOU ARE HEREBY NOTIFIED, that the parties to the above-captioned stockholder derivative action (the “*Smutek* Action”) have entered into an agreement to fully, finally and forever resolve the issues raised in the *Smutek* Action. The terms of the proposed settlement of the *Smutek* Action (the “Settlement”) are set forth in a Stipulation of Settlement dated October 8, 2012 (with the exhibits thereto, the “Stipulation”).

PLEASE BE FURTHER ADVISED, that on _____, 2012, at _____ .m., a hearing (the “Settlement Hearing”) will be held before Chief Judge Gregory M. Sleet of the United States District Court for the District of Delaware (the “Court”) at the United States District Court for the

District of Delaware, J. Caleb Boggs Federal Building, 844 N. King Street, Courtroom 2A, Wilmington, Delaware 19801, to determine; (i) whether the proposed Settlement of the *Smutek* Action on the terms and conditions provided for in the Stipulation is fair, reasonable, adequate and in the best interests of Revlon and Current Revlon Stockholders, and should be approved by the Court; (ii) whether plaintiff Richard Smutek's ("Plaintiff") counsel's application for attorneys' fees and expenses as well as any compensatory award for Plaintiff should be granted; and (iii) whether an Order and Final Judgment should be entered pursuant to the Stipulation, approving the proposed Settlement and dismissing the *Smutek* Action.

Because the *Smutek* Action is not a "Class Action," no individual Current Revlon Stockholders have the right to compensation as a result of the proposed Settlement described below.

PLEASE READ THIS NOTICE CAREFULLY AND COMPLETELY. This Notice describes the rights you may have under the proposed Settlement of the *Smutek* Action and what steps you may, but are not required to, take in relation to the Settlement. If the Court approves the Settlement, the parties will ask the Court at the Settlement Hearing to enter an Order and Final Judgment dismissing the *Smutek* Action with prejudice.

In addition to this Notice of the proposed Settlement of the *Smutek* Action, Revlon will issue or has issued a separate notice about the proposed settlement of a related class action captioned *In re Revlon, Inc. Shareholders Litigation*, C.A. No. 4578-VCL (Del. Ch.). That notice will be or has been posted on Revlon's website at www.revlon.com on the Investor Relations page, which can be accessed through the Corporate page, under the heading "*In re Revlon, Inc. Shareholders Litigation* Class Action Settlement Notice." That notice will also be or has been attached to a Form 8-K filed with the United States Securities and Exchange Commission, and will be available on Revlon's website at www.revlon.com on the Investor Relations page, which can be accessed through the Corporate page, under the heading "SEC Filings."

THE FOLLOWING RECITATION DOES NOT CONSTITUTE FINDINGS OF THE COURT. IT IS BASED ON STATEMENTS OF THE PARTIES AND SHOULD NOT BE UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF THE COURT AS TO THE MERITS OF ANY OF THE CLAIMS OR DEFENSES RAISED BY ANY OF THE PARTIES.

This summary should be read in conjunction with, and is qualified in its entirety by reference to, the text of the Stipulation, which has been filed with the Court. This Notice contains only a summary of the terms of the proposed Settlement. For a more detailed statement of the Settlement, you should review a copy of the Stipulation. A copy of the Stipulation is on file with the Clerk of the Court and may be reviewed at the office of the Clerk of the Court, United States District Court for the District of Delaware, 844 N. King Street, Wilmington, Delaware 19801 during regular business hours. You can also contact Plaintiff's counsel for a copy of the Stipulation. Plaintiff's counsel can be contacted at:

Kenneth J. Vianale
Vianale & Vianale LLP
2499 Glades Road, Suite 112
Boca Raton, Florida 33431
(561) 392-4750

Background and Description of the *Smutek* Action

The following provides the background of events leading up to the filing of the *Smutek* Action, and a description of the *Smutek* Action.

On April 20, 2009, Revlon announced that MacAndrews & Forbes Holdings Inc. (“MacAndrews & Forbes”) proposed a merger transaction (the “Proposal”).

On April 24, 2009, plaintiff Vern Mercier filed a verified complaint against Revlon and Ronald O. Perelman, Barry F. Schwartz, David L. Kennedy, Alan T. Ennis, Alan S. Bernikow, Paul J. Bohan, Meyer Feldberg, Ann D. Jordan, Debra L. Lee, Tamara Mellon, Kathi P. Seifert, and MacAndrews & Forbes (“Defendants”), and now-former Revlon director Kenneth L. Wolfe (“Wolfe”) on behalf of a putative class of Revlon’s stockholders in the Delaware Court of Chancery (the “Delaware Chancery Court”) captioned *Mercier v. Perelman, et al.*, C.A. No. 4532-VCL (Del. Ch.) (the “*Mercier* Action”).

On May 1, 2009, plaintiff Arthur Jurkowitz filed a verified complaint against Revlon, Defendants and Wolfe on behalf of a putative class of Revlon’s stockholders in the Delaware Chancery Court, captioned *Jurkowitz v. Perelman, et al.*, C.A. No. 4557-VCL (Del. Ch.) (the “*Jurkowitz* Action”).

On May 4, 2009, plaintiff Stanley S. Sullivan filed a complaint against Revlon, Defendants and Wolfe on behalf of a putative class of Revlon’s stockholders in the New York State Supreme Court, captioned *Sullivan v. Perelman, et al.*, No. 650257/2009 (N.Y. Sup. Ct.) (the “*Sullivan* Action”).

Wolfe was later dismissed by plaintiff Stanley S. Sullivan from the *Sullivan* Action.

On May 5, 2009, plaintiff Suri Lefkowitz filed a verified complaint against Revlon, Defendants and Wolfe on behalf of a putative class of Revlon’s stockholders in the Delaware

Chancery Court, captioned *Lefkowitz v. Revlon, Inc., et al.*, C.A. No. 4563-VCL (Del. Ch.) (the “*Lefkowitz* Action”).

On May 12, 2009, plaintiff T. Walter Heiser filed a verified complaint against Revlon, Defendants and Wolfe on behalf of a putative class of Revlon's stockholders in the Delaware Chancery Court, captioned *Heiser v. Revlon, Inc., et al.*, C.A. No. 4578-VCL (Del. Ch.) (the "*Heiser Action*").

The *Mercier Action*, *Jurkowitz Action*, *Lefkowitz Action* and *Heiser Action* challenged the Proposal (collectively, the "Initial Delaware Actions").

The *Sullivan Action* also challenged the Proposal.

On June 24, 2009, the Initial Delaware Actions were consolidated under the caption *In re Revlon, Inc. Shareholders Litigation*, C.A. No. 4578-VCL (Del. Ch.).

On August 10, 2009, Revlon launched a voluntary exchange offer (the "Exchange Offer").

Following amendments to the terms of the Exchange Offer, the final date on which tenders of Revlon Class A Common Stock could be made was on October 7, 2009.

On October 8, 2009, the Company consummated the Exchange Offer.

Pursuant to the Exchange Offer, Revlon issued to stockholders who elected to tender shares into the Exchange Offer 9,336,905 shares of its newly issued Series A Preferred Stock in exchange for the same number of shares of Revlon Class A Common Stock tendered in the Exchange Offer.

On October 29, 2009, Revlon announced its third quarter results for the fiscal quarter ended September 30, 2009.

On December 21, 2009, plaintiff Edward S. Gutman filed a verified complaint against Defendants and Wolfe on behalf of a putative class of Revlon's stockholders in the Delaware Chancery Court captioned *Gutman v. Perelman, et al.*, C.A. No. 5158-VCL (Del. Ch.) (the "*Gutman Action*").

On December 21, 2009, plaintiff Lawrence Corneck filed a verified complaint against Defendants and Wolfe on behalf of a putative class of Revlon's stockholders in the Delaware Chancery Court captioned *Corneck v. Perelman, et al.*, C.A. No. 5160-VCL (Del. Ch.) (the "*Corneck Action*").

The *Gutman Action* and the *Corneck Action* alleged breach of fiduciary duty claims in connection with the Exchange Offer and alleged that information regarding the Company's third quarter 2009 results should have been disclosed in the Exchange Offer materials.

On December 24, 2009, an amended complaint was filed in the *Sullivan Action* on behalf of stockholders that participated in the Exchange Offer, alleging, among other things, that information regarding the Company's financial results for the third quarter 2009 should have been disclosed in the Exchange Offer materials.

On December 31, 2009, plaintiff John Garofalo filed a putative class action complaint on behalf of stockholders that participated in the Exchange Offer against Defendants and Revlon¹ in the Court captioned *Garofalo v. Revlon, Inc., et al.*, C.A. No. 1:09-cv-01008-GMS (D. Del.) (the "*Garofalo Action*"), alleging federal and state law claims in connection with the Exchange Offer and alleging that information regarding the Company's financial results for the third quarter 2009 should have been disclosed in the Exchange Offer materials.

¹ Wolfe was initially named as a defendant in the *Garofalo Action*, but was later dismissed.

On January 6, 2010, an amended complaint was filed by plaintiffs in the Initial Delaware Actions against Revlon, Defendants and Wolfe, making allegations similar to those contained in the amended *Sullivan* Action complaint.

On January 15, 2010, the Delaware Chancery Court consolidated the *Gutman* Action and *Corneck* Action with the previously consolidated Initial Delaware Actions (the Initial Delaware Actions, *Gutman* Action and *Corneck* Action, collectively, are hereafter referred to as the "Consolidated Action").

On May 11, 2010, Plaintiff, on behalf of Revlon, filed a derivative complaint against Defendants and current Revlon director Richard J. Santagati ("Santagati") in the Court captioned *Smutek v. Perelman, et al.*, No. 1:10-CV-00392-GMS (D. Del.), in connection with the Exchange Offer and the alleged failure to disclose information in the Exchange Offer materials regarding the Company's financial results for the third quarter 2009.

Revlon was named as a nominal defendant in the *Smutek* Action.

Plaintiff later filed a voluntary dismissal of Santagati from the *Smutek* Action.

The complaint in the *Smutek* Action alleged, among other things, that Defendants' alleged misconduct with respect to the Exchange Offer exposed Revlon to litigation such as the *Garofalo* Action, *Gutman* Action and *Corneck* Action, and potential damages therefrom.

On May 25, 2010, an amended complaint was filed in the Consolidated Action alleging breach of fiduciary duty claims in connection with the Exchange Offer and claiming that information regarding the Company's financial results for the third quarter 2009 should have been disclosed in the Exchange Offer materials.

On August 16, 2010, Defendants and nominal defendant Revlon moved to dismiss the complaint in the *Smutek* Action.

The motions to dismiss the complaint in the *Smutek* Action are fully briefed and currently pending.

On August 10, 2012, the parties to all the actions identified above (the “Actions”) reached a comprehensive agreement in principle providing for the settlement of the Actions on the terms and conditions set forth in a stipulation to be filed with the Delaware Chancery Court (the “Consolidated Action Settlement”) and in the Stipulation.

On _____, the Court entered a scheduling order providing for, among other things, the scheduling of the Settlement Hearing; a stay of the *Smutek* Action pending a hearing on the proposed Settlement; and a bar against the commencement or prosecution of any action by Plaintiff or any person derivatively on behalf of Revlon asserting any of the Settled Claims (as defined below) subject to the Settlement of *Smutek* Action.

Reasons for the Settlement

Each of the Defendants and nominal defendant Revlon has denied, and continues to deny, all charges of wrongdoing or liability against them as related to the subject matters alleged in the Actions and believe they would have prevailed on their respective motions to dismiss the *Smutek* Action with prejudice and, in any event, would have prevailed on the merits. Defendants and nominal defendant Revlon expressly maintain that they diligently and scrupulously have complied with any and all fiduciary duties and other legal obligations. Defendants and nominal defendant Revlon also have denied and continue to deny, among other things, the allegations that Plaintiff (or Revlon) has suffered damage or that Plaintiff (or Revlon) was harmed by the conduct alleged in the *Smutek* Action. Nonetheless, Defendants and nominal defendant Revlon have determined that it is desirable and beneficial to Revlon and Revlon’s stockholders that the *Smutek* Action be fully and finally settled in the manner and upon the terms and conditions set

forth in the Stipulation. Defendants and nominal defendant Revlon have taken into account the burden, expense, inconvenience, distraction, delay, uncertainty and risks inherent in any litigation, especially in complex cases like the *Smutek* Action, and believe the Settlement is preferable to continued litigation.

Plaintiff's counsel has determined that the Settlement set forth in the Stipulation is in the best interests of Revlon and its stockholders, and will provide Revlon and its stockholders with substantial benefits. Although Plaintiff believes that the claims asserted in the *Smutek* Action have merit, Plaintiff's counsel recognizes uncertainty and risks inherent in any litigation, especially in a complex matter such as the *Smutek* Action. Plaintiff's counsel also is mindful of the inherent problems of proof and of the potential defenses to the claims asserted in the *Smutek* Action, including those set forth in Revlon's (as a nominal defendant) and Defendants' respective memoranda of law in support of their respective motions to dismiss. Further, in determining that the Settlement set forth in the Stipulation is in the best interests of Revlon and its stockholders, Plaintiff's counsel has taken into account their conversations with counsel for the other plaintiffs in the Actions as part of the settlement negotiations in the related class action lawsuits pending before the Court and in the Delaware Chancery Court and New York State Supreme Court.

Settlement Terms

In consideration for the full settlement and dismissal of the *Smutek* Action with prejudice, and for the releases provided for below, Defendants will pay Revlon \$400,000 (the "Settlement Payment") within ten (10) business days of the Effective Date (defined below).

The Settlement is conditioned upon, and effective upon, the fulfillment of each of the following (the "Effective Date"):

(i) the Settlement becoming final ("Final Approval") upon the completion of: (a) negotiation and execution of the Stipulation and any related documentation; (b) approval of the Settlement, entry of the Order and Final Judgment, and dismissal with prejudice of the *Smutek* Action in substantially the form attached to the Stipulation, without the award of any damages, costs, or fees except as specifically provided in the Stipulation and approved by the Court; and (c) such Order and Final Judgment is either finally affirmed on appeal, or is not subject to appeal (or further appeal) by lapse of time or otherwise;

(ii) negotiation and execution of the settlement stipulation in the Consolidated Action and any related documentation, approval of the Consolidated Action Settlement (as defined above) by the Delaware Chancery Court, entry of an order and final judgment in the Consolidated Action, which order and final judgment is either finally affirmed on appeal, or is not subject to appeal (or further appeal) by lapse of time or otherwise, and dismissal with prejudice of the Consolidated Action; and

(iii) dismissal with prejudice of the *Sullivan* Action and *Garofalo* Action, which dismissals are finally affirmed on appeal, or are not subject to appeal (or further appeal), by lapse of time or otherwise.

Application for Attorneys' Fees and Expenses

Plaintiff's counsel will make an application to the Court for attorneys' fees and expenses. Defendants and Revlon reserve the right to oppose the award of attorneys' fees and expenses if Plaintiff's counsel's application exceeds 30% of the Settlement Payment. Plaintiff's counsel may seek a compensatory award for Plaintiff of up to \$1,000.00 to be paid from any award of attorneys' fees and expenses that the Court may award. Plaintiff's counsel may receive from the Settlement Payment such amount of attorneys' fees and expenses that the Court deems appropriate. Payment of attorneys' fees and expenses, and any compensatory award, will be made within ten (10) business days of the Effective Date (as defined above).

Defendants and Revlon have denied and continue to deny each and all of the claims and contentions alleged by Plaintiff in the *Smutek* Action and all charges of wrongdoing or liability against them.

The Settlement Hearing

On _____, 2012, at _____ .m., the Settlement Hearing will be held before the Court at the United States District Court for the District of Delaware, J. Caleb Boggs Federal Building, 844 N. King Street, Courtroom 2A, Wilmington, Delaware 19801, to determine: (i) whether the proposed Settlement of the *Smutek* Action on the terms and conditions provided for in the Stipulation is fair, reasonable, adequate and in the best interests of Revlon and Current Revlon Stockholders, and should be approved by the Court; (ii) whether Plaintiff's counsel's application for attorneys' fees and expenses as well as any compensatory award for Plaintiff should be granted; and (iii) whether an Order and Final Judgment should be entered pursuant to the Stipulation, approving the proposed Settlement and dismissing the *Smutek* Action.

The Court may adjourn the date of the Settlement Hearing or any adjournment thereof, including the consideration of Plaintiff's counsel's request for attorneys' fees and expenses as well as any compensatory award for Plaintiff, without further notice of any kind to Current Revlon Stockholders other than oral announcement at the Settlement Hearing or any adjournment thereof.

The Court has reserved the right to approve the proposed Settlement at or after the Settlement Hearing with such modification(s) as may be consented to by the parties to the Stipulation without further notice to Current Revlon Stockholders.

Right to Appear and Object

Current Revlon Stockholders who object to the proposed settlement of the *Smutek* Action, the Order and Final Judgment to be entered in the *Smutek* Action, and/or Plaintiff's counsel's request for attorneys' fees and reimbursement of expenses as well as any compensatory award for Plaintiff, or who otherwise wish to be heard, may appear in person or by their attorney at the Settlement Hearing and present evidence and argument that may be proper and relevant; *provided, however*, that, except by Order of the Court for good cause shown, no person shall be heard and no papers, briefs, pleadings or other documents submitted by any person shall be considered by the Court unless not later than ten (10) business days prior to the Settlement Hearing such person files with the Clerk of the Court and serves upon counsel listed below: (i) a written notice of intention to appear, identifying the name, address and telephone number of the objector and, if represented, the objector's counsel; (ii) a signed written statement by the objector of such objector's objections to any matters before the Court; (iii) the grounds for such objections and the reasons that such objector desires to appear and be heard; (iv) proof of ownership of Revlon Class A Common Stock, including the number of shares presently held and the date(s) of purchase; and (v) all documents and writings such objector desires the Court to consider. Such filings shall be served upon the following counsel:

Kenneth J. Vianale
Vianale & Vianale LLP
2499 Glades Road, Suite 112
Boca Raton, Florida 33431

William Savitt
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019

Thomas J. Allingham II
Alyssa S. O'Connell
Skadden, Arps, Slate, Meagher & Flom LLP
One Rodney Square
P.O. Box 636
Wilmington, Delaware 19899

Lawrence Zweifach
Marshall R. King
Gibson, Dunn & Crutcher LLP
200 Park Avenue, 47th Floor
New York, New York 10166

Such papers must also be filed with the Clerk of the Court, United States District Court for the District of Delaware, 844 N. King Street, Wilmington, Delaware 19801.

Unless the Court otherwise directs, no Current Revlon Stockholders shall be entitled to object to the approval of the Settlement, any judgment entered thereon, any award of attorneys' fees and expenses, or otherwise be heard, except by serving and filing a written objection and supporting papers and documents as described above. Current Revlon Stockholders who fail to object in the manner described above shall be deemed to have waived the right to object (including any right of appeal) and shall be forever barred from raising such objection in the *Smutek* Action or any other action or proceeding. Any Current Revlon Stockholder who does not object to the Settlement or Plaintiff's counsel's request for attorneys' fees and reimbursement of expenses or to any other matter stated above need not do anything.

The Order and Final Judgment and Releases

The parties have submitted the Settlement to the Court for approval. Approval of the Settlement will result in total and final settlement of the *Smutek* Action, and the claims asserted therein, and those claims that could have been asserted, will be forever relinquished and discharged.

The Order and Final Judgment shall, among other things, provide for the full and complete dismissal of the *Smutek* Action with prejudice, and the settlement and release of, and a permanent injunction barring, any claims, demands, rights, actions, causes of action, liabilities, damages, losses, obligations, judgments, duties, suits, costs, expenses, matters and issues, known or unknown, contingent or absolute, suspected or unsuspected, disclosed or undisclosed, liquidated or unliquidated, matured or unmatured, accrued or unaccrued, apparent or unapparent, that have been, could have been, or in the future can or might be asserted in any court, tribunal or proceeding (including, but not limited to, any claims arising under federal, state, foreign or common law, including the federal securities laws and any state disclosure law), derivatively on behalf of Revlon, or by Revlon, or by or on behalf of Plaintiff (as an individual or as a class representative), whether individual, direct, class, derivative (on behalf of Revlon or otherwise), representative, legal, equitable, or any other type or in any other capacity (collectively, the "Releasing Persons") against Defendants, Wolfe, Santagati, nominal defendant Revlon or any of their respective families, parent entities, controlling persons, associates, affiliates or subsidiaries and each and all of their respective past or present officers, directors, stockholders, principals, representatives, employees, attorneys, financial or investment advisors, consultants, accountants, investment bankers, commercial bankers, entities providing fairness opinions, underwriters, advisors or agents, heirs, executors, trustees, general or limited partners or partnerships, limited liability companies, members, joint ventures, personal or legal representatives, estates, administrators, predecessors, successors and assigns (collectively, the "Released Persons") which the Releasing Persons ever had, now have, or may have by reason of, arising out of, relating to,

or in connection with the acts, events, facts, matters, transactions, occurrences, statements, or representations, or any other matter whatsoever set forth in or otherwise related, directly or indirectly, to the allegations in the *Smutek* Action, the complaint in the *Smutek* Action, the Proposal, the Exchange Offer and other transactions contemplated therein, disclosures made in connection therewith (including the adequacy and completeness of such disclosures), any disclosure of the Company's actual, projected or estimated financial results for the third quarter 2009, or any other disclosure made by Revlon from the date of the Proposal through the date Revlon announced its financial results for the third quarter 2009 (including the adequacy and completeness of such disclosures) (the "Settled Claims"); *provided, however*, that the Settled Claims shall not release any claims to enforce the Settlement.

The Order and Final Judgment shall bar and release any and all claims, known or unknown, for damages, injunctive relief, or any other remedies against Plaintiff, his attorneys or agents based upon, arising from, or related to prosecution and/or settlement of the *Smutek* Action.

These releases shall extend to all claims that Releasing Persons do not know or suspect to exist at the time of the release of the Settled Claims, which, if known, might have affected the Releasing Persons' decisions to enter into the releases or the Settlement. Additionally, Plaintiff and the Company acknowledge that they may discover facts in addition to or different from those now known or believed to be true with respect to the Settled Claims, but that it is the intention of the Company and Plaintiff to completely, fully, finally and forever compromise, settle, release, discharge, extinguish, and dismiss any and all Settled Claims, known or unknown, suspected or unsuspected, contingent or absolute, accrued or unaccrued, apparent or unapparent, which now exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery of additional or different facts. Plaintiff and the Company acknowledge that

“Unknown Claims” are expressly included in the definition of “Settled Claims,” and that such inclusion was expressly bargained for and was a key element of the Settlement and was relied upon by each and all of the Defendants and the Company in entering into the Stipulation. “Unknown Claims” means any claim that Plaintiff or the Company does not know or suspect exists in his or its favor at the time of the release of the Settled Claims as against the Released Persons, including, without limitation, those which, if known, might have affected the decision to enter into the Settlement. With respect to any of the Settled Claims, the parties stipulate and agree that upon Final Approval (as defined above) of the Settlement, the Company and Plaintiff shall be deemed to have, and by operation of the Order and Final Judgment by the Court shall have, expressly waived, relinquished and released any and all provisions, rights and benefits conferred by or under Cal. Civ. Code § 1542 or any law of the United States or any state of the United States or territory of the United States, or principle of common law, which is similar, comparable or equivalent to Cal. Civ. Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Scope of this Notice and Additional Information

This Notice contains only a summary of the terms of the proposed Settlement. For a more detailed statement of the Settlement, you should review a copy of the Stipulation on file with the Clerk of the Court at the office of the Clerk of the Court, United States District Court for the District of Delaware, 844 N. King Street, Wilmington, Delaware 19801 during regular business hours or contact Plaintiff's counsel for a copy of the Stipulation. Plaintiff's counsel can be contacted at:

Kenneth J. Vianale
Vianale & Vianale LLP
2499 Glades Road, Suite 112
Boca Raton, Florida 33431
(561) 392-4750

For a more detailed statement of the matters involved in these proceedings, you may also review the files at the office of the Clerk of the Court during regular business hours or contact Plaintiff's counsel.

**IF YOU HAVE ANY QUESTIONS, PLEASE MAKE ALL INQUIRIES TO
PLAINTIFF'S COUNSEL. PLEASE DO NOT CONTACT THE COURT OR CLERK
OF THE COURT DIRECTLY.**

BY ORDER OF THE COURT

/s/ _____

SMUTEK v. PERELMAN, ET AL. AND REVLON, INC., NO. 10-392-GMS (D. DEL.)**Summary Notice of Pendency of Derivative Action,
Proposed Settlement of Derivative Action and Settlement Hearing**

TO: ALL CURRENT HOLDERS OF REVLON, INC. CLASS A COMMON STOCK (“CURRENT REVLON STOCKHOLDERS”)

YOU ARE HEREBY NOTIFIED that the parties to the above-captioned derivative action pending in the United States District Court for the District of Delaware (the “*Smutek* Action”) have entered into a Stipulation of Settlement (with the exhibits thereto, the “Stipulation”) to resolve the issues raised in the *Smutek* Action (the “Settlement”).

YOU ARE HEREBY FURTHER NOTIFIED, pursuant to an Order of Chief Judge Gregory M. Sleet of the United States District Court for the District of Delaware (the “Court”), dated _____, 2012, that a hearing will be held before Chief Judge Sleet at the United States District Court for the District of Delaware, J. Caleb Boggs Federal Building, 844 N. King Street, Courtroom 2A, Wilmington, Delaware 19801, to determine: (i) whether the proposed Settlement of the *Smutek* Action on the terms and conditions provided for in the Stipulation is fair, reasonable, adequate, and in the best interests of Revlon, Inc. (“Revlon”) and Current Revlon Stockholders, and should be approved by the Court; (ii) whether plaintiff Richard Smutek’s (“Plaintiff”) counsel’s application for attorneys’ fees and expenses as well as any compensatory award for Plaintiff should be granted; and (iii) whether an Order and Final Judgment approving the proposed Settlement should be entered pursuant to the Stipulation, approving the proposed Settlement and dismissing the *Smutek* Action.

If approved, the Settlement will resolve the *Smutek* Action, and will bar any similar suits. A detailed Notice of Pendency of Derivative Action, Proposed Settlement of Derivative Action, Settlement Hearing and Right to Appear, which describes the proposed Settlement in more detail and your right to appear, may be obtained from Revlon’s website at www.revlon.com on the Investor Relations page, which can be accessed through the Corporate page, under the heading “*Smutek* Derivative Action Settlement Notice.”

Inquiries may be made to Plaintiff’s counsel: Kenneth J. Vianale, Vianale & Vianale LLP, 2499 Glades Road, Suite 112, Boca Raton, Florida, 33431, (561) 392-4750.

**PLEASE DO NOT CONTACT THE COURT OR CLERK OF THE COURT DIRECTLY.
BY ORDER OF THE COURT**

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

RICHARD SMUTEK, derivatively on behalf of
REVLON, INC.,

Plaintiff,

v.

RONALD O. PERELMAN, DAVID L. KENNEDY,
ALAN T. ENNIS, ALAN S. BERNIKOW, PAUL J.
BOHAN, MEYER FELDBERG, ANN D. JORDAN,
DEBRA L. LEE, TAMARA MELLON, BARRY F.
SCHWARTZ, KATHI P. SEIFERT, and
MACANDREWS & FORBES HOLDINGS INC.,

Defendants,

and

REVLON, INC.,

Nominal Defendant.

No. 10-392-GMS

[PROPOSED] ORDER AND FINAL JUDGMENT

This matter came before the Court for hearing pursuant to an order of the Court, dated _____, 2012, on the application of the parties for approval of the settlement (the "Settlement") set forth in the Stipulation of Settlement filed with the Court on October _____, 2012 (with the exhibits thereto, the "Stipulation"). Due and adequate notice having been given to current holders of Revlon, Inc. Class A Common Stock, and the Court having considered all papers filed and proceedings had herein and good cause appearing therefor, IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. This Order and Final Judgment incorporates by reference the definitions in the Stipulation, and unless defined herein, capitalized words and terms shall have the same meaning as they have in the Stipulation.

2. The Court has jurisdiction over the subject matter of *Smutek v. Perelman, et al.*, No. 1:10-CV-00392-GMS (D. Del.) (the “*Smutek* Action”), including all matters necessary to effectuate the Settlement, and over all parties to the *Smutek* Action, including: (i) Richard Smutek (“Plaintiff”), (ii) nominal defendant Revlon, Inc. (“Revlon” or the “Company”) and (iii) Ronald O. Perelman, Barry F. Schwartz, David L. Kennedy, Alan T. Ennis, Alan S. Bernikow, Paul J. Bohan, Meyer Feldberg, Ann D. Jordan, Debra L. Lee, Tamara Mellon, Kathi P. Seifert, and MacAndrews & Forbes Holdings Inc. (“Defendants”).

3. The notice given to current holders of Revlon Class A Common Stock, including posting of the Notice of Pendency of Derivative Action, Proposed Settlement of Derivative Action, Settlement Hearing and Right to Appear (the “Notice”) on Revlon’s website, filing a Form 8-K with the United States Securities and Exchange Commission attaching the Notice, and publishing a summary version of the Notice in *Investor’s Business Daily*, satisfied the requirements of Federal Rule of Civil Procedure 23.1(c) and due process.

4. The Court has considered any and all objections to the Settlement, and overrules them.

5. The Stipulation and the Settlement set forth therein are hereby approved. The Court finds that the Settlement is, in all respects, fair, reasonable, adequate and in the best interests of Revlon and the Company’s current holders of Revlon Class A Common Stock. The parties are hereby directed to perform the terms of the Settlement.

6. The *Smutek* Action, including the derivative claims alleged therein, is hereby dismissed in its entirety on the merits and with prejudice. The parties are to bear their own costs, except as otherwise provided in the Stipulation and in Paragraph 14 below.

7. The Court hereby dismisses the *Smutek* Action with prejudice, and orders the settlement and release of, and a permanent injunction barring, any claims, demands, rights, actions, causes of action, liabilities, damages, losses, obligations, judgments, duties, suits, costs, expenses, matters and issues, known or unknown, contingent or absolute, suspected or unsuspected, disclosed or undisclosed, liquidated or unliquidated, matured or unmatured, accrued or unaccrued, apparent or unapparent, that have been, could have been, or in the future can or might be asserted in any court, tribunal or proceeding (including, but not limited to, any claims arising under federal, state, foreign or common law, including the federal securities laws and any state disclosure law), derivatively on behalf of Revlon, or by Revlon, or by or on behalf of Plaintiff (as an individual or as a class representative), whether individual, direct, class, derivative (on behalf of Revlon or otherwise), representative, legal, equitable, or any other type or in any other capacity (collectively, the "Releasing Persons") against Defendants, Wolfe, Santagati, nominal defendant Revlon or any of their respective families, parent entities, controlling persons, associates, affiliates or subsidiaries and each and all of their respective past or present officers, directors, stockholders, principals, representatives, employees, attorneys, financial or investment advisors, consultants, accountants, investment bankers, commercial bankers, entities providing fairness opinions, underwriters, advisors or agents, heirs, executors, trustees, general or limited partners or partnerships, limited liability companies, members, joint ventures, personal or legal representatives, estates, administrators, predecessors, successors and assigns (collectively, the "Released Persons") which the Releasing Persons ever had, now have,

or may have by reason of, arising out of, relating to, or in connection with the acts, events, facts, matters, transactions, occurrences, statements, or representations, or any other matter whatsoever set forth in or otherwise related, directly or indirectly, to the allegations in the *Smutek* Action, the complaint in the *Smutek* Action, the Proposal, the Exchange Offer and other transactions contemplated therein, disclosures made in connection therewith (including the adequacy and completeness of such disclosures), any disclosure of the Company's actual, projected or estimated financial results for the third quarter 2009, or any other disclosure made by Revlon from the date of the Proposal through the date Revlon announced its financial results for the third quarter 2009 (including the adequacy and completeness of such disclosures) (the "Settled Claims"); *provided, however*, that the Settled Claims shall not release any claims to enforce the Settlement.

8. The Court further bars and releases any and all claims, known or unknown, for damages, injunctive relief, or any other remedies against Plaintiff, his attorneys or agents based upon, arising from, or related to prosecution and/or settlement of the *Smutek* Action.

9. The releases described in Paragraphs 7 and 8 above shall extend to all claims that Releasing Persons do not know or suspect to exist at the time of the release of the Settled Claims, which, if known, might have affected the Releasing Persons' decisions to enter into the releases or the Settlement. Additionally, Plaintiff and the Company acknowledge that they may discover facts in addition to or different from those now known or believed to be true with respect to the Settled Claims, but that it is the intention of the Company and Plaintiff to completely, fully, finally and forever compromise, settle, release, discharge, extinguish, and dismiss any and all Settled Claims, known or unknown, suspected or unsuspected, contingent or absolute, accrued or unaccrued, apparent or unapparent, which now exist, or heretofore existed, or may hereafter

exist, and without regard to the subsequent discovery of additional or different facts. Plaintiff and the Company acknowledge that "Unknown Claims" are expressly included in the definition of "Settled Claims," and that such inclusion was expressly bargained for and was a key element of the Settlement and was relied upon by each and all of the Defendants and the Company in entering into the Stipulation. "Unknown Claims" means any claim that Plaintiff or the Company does not know or suspect exists in his or its favor at the time of the release of the Settled Claims as against the Released Persons, including, without limitation, those which, if known, might have affected the decision to enter into the Settlement. With respect to any of the Settled Claims, the parties stipulate and agree that upon Final Approval of the Settlement, the Company and Plaintiff shall be deemed to have, and by operation of this Order and Final Judgment by the Court shall have, expressly waived, relinquished and released any and all provisions, rights and benefits conferred by or under Cal. Civ. Code § 1542 or any law of the United States or any state of the United States or territory of the United States, or principle of common law, which is similar, comparable or equivalent to Cal. Civ. Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

10. Plaintiff or any current holders of Revlon Class A Common Stock purporting to assert derivatively on behalf of Revlon the Released Claims are hereby permanently barred and enjoined from instituting, commencing, prosecuting, participating in or continuing any action or other proceeding in any court or tribunal of this or any other jurisdiction, either directly, representatively, derivatively or in any other capacity, against any of the Released Persons, based upon, arising out of, or in any way related to or for the purpose of enforcing any Settled Claim,

all of which Settled Claims are compromised, settled, released, dismissed with prejudice and extinguished by virtue of the proceedings in the *Smutek* Action and this Order and Final Judgment.

11. Revlon, each of the Defendants and the Released Persons are deemed to have, and by operation of this Order and Final Judgment shall have, fully, finally, and forever released, relinquished and discharged Plaintiff and Plaintiff's counsel from all claims, based upon or arising out of the institution, prosecution, assertion, settlement or resolution of the *Smutek* Action; *provided, however*, that Revlon, Defendants and Released Persons shall retain the right to enforce in the Court the terms of the Stipulation and the Settlement.

12. Neither the Stipulation nor the Settlement contained therein, nor any act performed or document executed pursuant to, or in furtherance of, the Settlement: (i) is or may be deemed to be or may be used as an admission of, or evidence of, the validity or lack thereof of any Settled Claim, or of any wrongdoing or liability of Defendants or Revlon; or (ii) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or omission of any of the Defendants or Revlon in any proceeding of any nature. Nothing in this Order and Final Judgment shall preclude any action to enforce the terms of the Stipulation or this Order and Final Judgment. Revlon and/or Defendants may file, cite and/or refer to the Stipulation and/or this Order and Final Judgment in related litigation as evidence of the Settlement, or in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

13. Without affecting the finality of this Order and Final Judgment, jurisdiction is hereby retained by the Court for the purpose of protecting and implementing the Stipulation and

the terms of this Order and Final Judgment, including the resolution of any disputes that may arise with respect to the effectuation of any of the provisions of the Stipulation, and for the entry of such further orders as may be necessary or appropriate in administering and implementing the terms and provisions of the Settlement and this Order and Final Judgment.

14. The Court, having considered the nature of the *Smutek* Action and the results obtained on behalf of Revlon and current holders of Revlon Class A Common Stock, hereby orders that Plaintiff's counsel is awarded attorneys' fees in the amount of \$ _____, inclusive of expenses, which shall be paid in accordance with the terms and conditions of the Stipulation.

SO ORDERED this _____ day of _____, 2012.

CHIEF JUDGE GREGORY M. SLEET

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE REVLON, INC.
SHAREHOLDERS LITIGATION

Consol. C.A. No. 4578-VCL

**STIPULATION AND AGREEMENT OF
COMPROMISE, SETTLEMENT AND RELEASE**

The plaintiffs in the actions captioned *Mercier v. Perelman, et al.*, C.A. No. 4532-VCL (Del. Ch.); *Jurkowitz v. Perelman, et al.*, C.A. No. 4557-VCL (Del. Ch.); *Lefkowitz v. Revlon, Inc., et al.*, C.A. No. 4563-VCL (Del. Ch.); *Heiser v. Revlon, Inc., et al.*, C.A. No. 4578-VCL (Del. Ch.); *Gutman v. Perelman, et al.*, C.A. No. 5158-VCL (Del. Ch.); *Corneck v. Perelman, et al.*, C.A. No. 5160-VCL (Del. Ch.), which were consolidated under the caption *In re Revlon, Inc. Shareholders Litigation*, C.A. No. 4578-VCL (Del. Ch.) (each of the foregoing actions collectively, the “Delaware Actions”); *Garofalo v. Revlon, Inc., et al.*, C.A. No. 1:09-CV-01008-GMS (D. Del.); and *Sullivan v. Perelman, et al.*, No. 650257/2009 (N.Y. Sup. Ct.) (collectively, with the Delaware Actions, the “Actions”), on the one hand, and Ronald O. Perelman, Barry F. Schwartz, David L. Kennedy, Alan T. Ennis, Alan S. Bernikow, Paul J. Bohan, Meyer Feldberg, Ann D. Jordan, Debra L. Lee, Tamara Mellon, Kathi P. Seifert, Revlon, Inc. (“Revlon” or the “Company”), and MacAndrews & Forbes Holdings Inc. (“MacAndrews & Forbes”) (collectively, “Defendants”), on the other hand, through their counsel, have reached this Stipulation and Agreement of Compromise, Settlement and Release (with the exhibits hereto, this “Stipulation”), subject to approval by the Court of Chancery of the State of Delaware (the “Delaware Chancery Court”):

WHEREAS, on April 20, 2009, Revlon announced that MacAndrews & Forbes proposed a merger transaction (the “Proposal”);

WHEREAS, on April 24, 2009, plaintiff Vern Mercier filed a verified complaint against Defendants and now-former Revlon director Kenneth L. Wolfe (“Wolfe”) on behalf of a putative class of Revlon’s stockholders in the Delaware Chancery Court captioned *Mercier v. Perelman, et al.*, C.A. No. 4532-VCL (Del. Ch.) (the “*Mercier* Action”);

WHEREAS, on May 1, 2009, plaintiff Arthur Jurkowitz filed a verified complaint against Defendants and Wolfe on behalf of a putative class of Revlon’s stockholders in the Delaware Chancery Court, captioned *Jurkowitz v. Perelman, et al.*, C.A. No. 4557-VCL (Del. Ch.) (the “*Jurkowitz* Action”);

WHEREAS, on May 4, 2009, plaintiff Stanley S. Sullivan filed a complaint against Defendants and Wolfe on behalf of a putative class of Revlon’s stockholders in the New York State Supreme Court, captioned *Sullivan v. Perelman, et al.*, No. 650257/2009 (N.Y. Sup. Ct.) (the “*Sullivan* Action”);

WHEREAS, Wolfe was later dismissed by plaintiff Stanley S. Sullivan from the *Sullivan* Action;

WHEREAS, on May 5, 2009, plaintiff Suri Lefkowitz filed a verified complaint against Defendants and Wolfe on behalf of a putative class of Revlon’s stockholders in the Delaware Chancery Court, captioned *Lefkowitz v. Revlon, Inc., et al.*, C.A. No. 4563-VCL (Del. Ch.) (the “*Lefkowitz* Action”);

WHEREAS, on May 12, 2009, plaintiff T. Walter Heiser filed a verified complaint against Defendants and Wolfe on behalf of a putative class of Revlon’s stockholders in the Delaware Chancery Court, captioned *Heiser v. Revlon, Inc., et al.*, C.A. No. 4578-VCL (Del. Ch.) (the “*Heiser* Action”);

WHEREAS, the *Mercier* Action, *Jurkowitz* Action, *Lefkowitz* Action and *Heiser* Action challenged the Proposal (collectively, the “Initial Delaware Actions”);

WHEREAS, the *Sullivan* Action also challenged the Proposal;

WHEREAS, on June 24, 2009, the Initial Delaware Actions were consolidated under the caption *In re Revlon, Inc. Shareholders Litigation*, C.A. No. 4578-VCL (Del. Ch.);

WHEREAS, on August 10, 2009, the Company launched a voluntary exchange offer (the “Exchange Offer”);

WHEREAS, following amendments to the terms of the Exchange Offer, the final date on which tenders of Revlon Class A Common Stock could be made was October 7, 2009;

WHEREAS, on October 8, 2009, the Company consummated the Exchange Offer;

WHEREAS, pursuant to the Exchange Offer, Revlon issued to stockholders who elected to tender shares into the Exchange Offer 9,336,905 shares of its newly issued Series A Preferred Stock in exchange for the same number of shares of Revlon Class A Common Stock tendered in the Exchange Offer;

WHEREAS, on October 29, 2009, Revlon announced its third quarter results for the fiscal quarter ended September 30, 2009;

WHEREAS, on December 21, 2009, plaintiff Edward S. Gutman filed a verified complaint on behalf of a putative class of Revlon’s stockholders in the Delaware Chancery Court captioned *Gutman v. Perelman, et al.*, C.A. No. 5158-VCL (Del. Ch.) (the “*Gutman* Action”);

WHEREAS, on December 21, 2009, plaintiff Lawrence Corneck filed a verified complaint on behalf of a putative class of Revlon’s stockholders in the Delaware Chancery Court captioned *Corneck v. Perelman, et al.*, C.A. No. 5160-VCL (Del. Ch.) (the “*Corneck* Action”);

WHEREAS, the *Gutman* Action and the *Corneck* Action alleged breach of fiduciary duty claims in connection with the Exchange Offer and alleged that information regarding the Company’s financial results for the third quarter 2009 should have been disclosed in the Exchange Offer materials;

WHEREAS, on December 24, 2009, an amended complaint was filed in the *Sullivan* Action on behalf of stockholders that participated in the Exchange Offer, alleging, among other things, that information regarding the Company's financial results for the third quarter 2009 should have been disclosed in the Exchange Offer materials;

WHEREAS, on December 31, 2009, plaintiff John Garofalo filed a putative class action complaint on behalf of stockholders that participated in the Exchange Offer against Defendants¹ in the United States District Court for the District of Delaware (the "Delaware District Court") captioned *Garofalo v. Revlon, Inc., et al.*, C.A. No. 1:09-cv-01008-GMS (D. Del.) (the "*Garofalo* Action"), alleging federal and state law claims in connection with the Exchange Offer and alleging that information regarding the Company's financial results for the third quarter 2009 should have been disclosed in the Exchange Offer materials;

WHEREAS, on January 6, 2010, an amended complaint was filed in the Initial Delaware Actions against Defendants and Wolfe, making allegations similar to those contained in the amended *Sullivan* Action complaint;

WHEREAS, on January 15, 2010, the Delaware Chancery Court consolidated the *Gutman* Action and *Corneck* Action with the previously consolidated Initial Delaware Actions (the Initial Delaware Actions, *Gutman* Action and *Corneck* Action, collectively, are hereafter referred to as the "Consolidated Action");

WHEREAS, on March 16, 2010, the Delaware Chancery Court changed the leadership structure for plaintiffs in the Consolidated Action, appointing Smith Katzenstein & Furlow, LLP

¹ Wolfe was initially named as a defendant in the *Garofalo* Action, but was later dismissed.

(now Smith Katzenstein & Jenkins, LLP), Harwood Feffer LLP, and the Law Offices of Curtis V. Trinko, LLP as lead counsel for plaintiffs in the Consolidated Action (“Delaware Lead Counsel”);

WHEREAS, on March 16, 2010, the Delaware District Court appointed Berger & Montague, P.C. as lead counsel in the *Garofalo* Action;

WHEREAS, on May 11, 2010, Richard Smutek, on behalf of Revlon, filed a derivative complaint against Defendants (in which Revlon was named as a nominal defendant) and current Revlon director Richard J. Santagati (“Santagati”) in the Delaware District Court captioned *Smutek v. Perelman, et al.*, No. 1:10-CV-00392-GMS (D. Del.) (the “*Smutek* Action”), in connection with the Exchange Offer and the alleged failure to disclose information in the Exchange Offer materials regarding the Company’s financial results for the third quarter 2009;

WHEREAS, plaintiff Richard Smutek later filed a voluntary dismissal of Santagati from the *Smutek* Action;

WHEREAS, the complaint in the *Smutek* Action alleged, among other things, that Defendants’ alleged misconduct with respect to the Exchange Offer exposed Revlon to litigation such as the *Garofalo* Action, *Gutman* Action and *Corneck* Action, and potential damages arising therefrom;

WHEREAS, on May 25, 2010, an amended complaint was filed in the Consolidated Action alleging breach of fiduciary duty claims in connection with the Exchange Offer and claiming that information regarding the Company’s financial results for the third quarter 2009 should have been disclosed in the Exchange Offer materials;

WHEREAS, Wolfe was not named as a defendant in the amended complaint filed in the Consolidated Action;

WHEREAS, the amended complaint in the Consolidated Action was brought on behalf of both stockholders who participated in the Exchange Offer and stockholders who did not participate in the Exchange Offer;

WHEREAS, on July 9, 2010, Defendants answered the amended complaint in the Consolidated Action;

WHEREAS, on August 16, 2010, Defendants moved to dismiss the complaint in the *Smutek* Action;

WHEREAS, Defendants' motions to dismiss the complaint in the *Smutek* Action are fully briefed and currently pending;

WHEREAS, on July 29, 2011, an amended complaint was filed in the *Garofalo* Action;

WHEREAS, Wolfe was not named as a defendant in the amended complaint filed in the *Garofalo* Action;

WHEREAS, on January 10, 2012, Delaware Lead Counsel filed a motion for class certification, seeking certification of two subclasses: one subclass of stockholders who participated in the Exchange Offer and another subclass of stockholders who did not participate in the Exchange Offer;

WHEREAS, on January 31, 2012, Defendants filed motions to dismiss the amended complaint in the *Garofalo* Action;

WHEREAS, on March 2, 2012, the plaintiff in the *Garofalo* Action filed a response opposing Defendants' motions to dismiss, and a motion alternatively seeking leave to amend and file a second amended complaint;

WHEREAS, the motions to dismiss and amend in the *Garofalo* Action are fully briefed and currently pending;

WHEREAS, merits discovery is proceeding in the Consolidated Action;

WHEREAS, by agreement of the parties, the plaintiff in the *Garofalo* Action has participated in the merits discovery proceeding in the Consolidated Action, and the plaintiff in the *Sullivan* Action had the opportunity to participate;

WHEREAS, Defendants have produced tens of thousands of documents as part of merits discovery;

WHEREAS, Delaware Lead Counsel has produced documents on behalf of Edward S. Gutman and Lawrence Corneck in the Consolidated Action;

WHEREAS, numerous third parties have been subpoenaed and produced documents as part of merits discovery;

WHEREAS, two representatives of Barclays Capital Inc., Revlon directors Debra L. Lee and Meyer Feldberg, and Wolfe have been deposed;

WHEREAS, Defendants deposed proposed class representatives Edward S. Gutman and Lawrence Corneck;

WHEREAS, on December 6, 2010, Delaware Lead Counsel retained and thereafter consulted regularly with a financial advisor, who evaluated the claims asserted in the Actions and the potential settlement;

WHEREAS, beginning in September 2011 and continuing from time to time thereafter, Delaware Lead Counsel and counsel for Defendants discussed a potential resolution of the Consolidated Action;

WHEREAS, in April 2012, an in-person meeting to discuss settlement of the Consolidated Action took place among multiple attorneys for plaintiffs in the Consolidated Action and multiple attorneys for Defendants;

WHEREAS, on June 21, 2012 and July 17, 2012, Defendants reached agreements to settle claims in connection with the Exchange Offer directly with the following stockholders that

had participated in the Exchange Offer and were members of the putative class on whose behalf the Actions have been brought: (i) Fidelity Management & Research Company and its investment advisory affiliates, all of which are direct or indirect subsidiaries of FMR LLC, which at the time of the Exchange Offer was the largest unaffiliated Revlon stockholder; (ii) the following funds advised by Fidelity Management & Research Company or its investment advisory affiliates: (a) Fidelity Securities Fund: Leveraged Company Stock Fund; (b) Fidelity Advisor Series I: Advisor Leveraged Company Stock Fund; and (c) Fidelity Advisor High Yield Portfolio; (iii) the following institutional client accounts or funds that are advised by an investment advisory affiliate of Fidelity Management & Research Company: (a) Fidelity Canadian Balanced Fund – High Yield Bond Subaccount; (b) Pension Reserve Investment Management Board of Massachusetts High Yield Bond Account; (c) General Motors Hourly-Rate Employees Pension Trust 7N1J (Successor In Interest); and (d) General Motors Salaried Employees Pension Trust 7N1L (Successor In Interest) (the entities listed in subsections (i) – (iii) are collectively referred to as “Fidelity,” and the agreement to settle claims with Fidelity is collectively referred to as the “Fidelity Settlement”); (iv) Archview Fund L.P (and its predecessor entity, Archview Credit Opportunities Fund L.P.); and (v) Archview Master Fund Ltd. (and its predecessor entity, Archview Credit Opportunities Master Fund Ltd.) (the entities listed in subsections (iv) – (v) are collectively referred to as “Archview,” and the agreement to settle claims with Archview is collectively referred to as the “Archview Settlement”);

WHEREAS, at the end of June, Delaware Lead Counsel and counsel for Defendants commenced more intensive settlement discussions;

WHEREAS, in July 2012, counsel in the *Garofalo* Action separately initiated settlement discussions with counsel for Defendants, to which counsel for Defendants did not respond substantively;

WHEREAS, in July 2012 and August 2012, Delaware Lead Counsel negotiated with counsel for plaintiffs in the *Sullivan* Action, *Garofalo* Action and *Smutek* Action concerning a potential resolution of their actions;

WHEREAS, on August 10, 2012, at the conclusion of the negotiations between counsel for Defendants and Delaware Lead Counsel, the parties to all the actions identified above reached a comprehensive agreement in principle providing for the settlement of the actions on the terms and conditions set forth herein and in a stipulation to be filed with the Delaware District Court;

WHEREAS, because counsel for the parties have concluded that a settlement of the Settled Claims (as defined below) based upon the terms contained in this Stipulation is preferable to continued litigation, and counsel for plaintiffs in the Actions believe that such terms are fair, reasonable, adequate and in the best interests of the Class (as defined below), and because it is reasonable to pursue a settlement of the Settled Claims based upon the procedures outlined herein and the benefits and protections offered herein, the parties wish to document their agreement in this Stipulation;

WHEREAS, in deciding to pursue a settlement, counsel for plaintiffs in the Actions engaged in an investigation of the claims asserted in the Actions, including consideration of some or all of the following: a review of news articles, analyst reports, United States Securities and Exchange Commission filings, other publicly available documents, confidential documents provided by Defendants in response to multiple discovery requests, documents produced by third parties, and deposition testimony;

WHEREAS, in deciding to pursue a settlement, Delaware Lead Counsel specifically evaluated the claims brought on behalf of stockholders who did not participate in the Exchange Offer, and concluded, after discussion with their financial advisor, that stockholders who did not participate in the Exchange Offer were not damaged as a result of the Exchange Offer;

WHEREAS, counsel for plaintiff in the *Garofalo* Action have represented that they performed a damages analysis with their in-house expert, who evaluated the tendering stockholders' claims asserted in the Actions and the potential settlement;

WHEREAS, counsel for the parties in the Actions did not discuss the appropriateness or amount of any application by counsel for plaintiffs in the Actions for an award of attorneys' fees and expenses until the substantive terms of the settlement on behalf of and for the benefit of the Class (as defined below) were agreed upon;

WHEREAS, each of the Defendants has denied, and continues to deny, all allegations of wrongdoing, fault, liability or damage to plaintiffs and the putative classes in the Consolidated Action, *Sullivan* Action, *Garofalo* Action and *Smutek* Action and otherwise deny that they have engaged in any wrongdoing or committed any violation of law or breach of duty and believe that they acted properly at all times, but wish to settle the Actions on the terms and conditions stated in this Stipulation in order to eliminate the burden and expense of further litigation and to put the Settled Claims (as defined below) to be released hereby to rest finally and forever;

WHEREAS, there has been no admission or finding of fact or liability by or against any party and nothing herein should be construed as such; and

WHEREAS, the Delaware Chancery Court has jurisdiction to make decisions regarding the settlement and any corresponding award of attorney fees' and expenses in the Actions;

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, in consideration of the benefits afforded herein, that the Actions shall be compromised, settled, released and dismissed with prejudice, upon and subject to the following terms and conditions (the "Settlement"), and further subject to the approval of the Delaware Chancery Court and pursuant to Delaware Chancery Court Rule 23:

SETTLEMENT PAYMENT

1. In consideration for the full settlement and release of all Settled Claims (as defined below) against all Released Persons (as defined below) and the dismissal with prejudice of the Actions, Defendants will cause to be paid to the Class (as defined below) a total settlement payment of \$9,231,303 (the "Settlement Payment"), which shall be deposited into an account to be designated by Delaware Lead Counsel within ten (10) business days of the Effective Date (as defined in Paragraph 12 below).

2. Except for providing Delaware Lead Counsel with information necessary for Delaware Lead Counsel's administration, distribution and/or allocation of the Settlement Payment, Defendants shall have no responsibility for, or liability with respect to, the administration, distribution and/or allocation of the Settlement Payment among the Class members, and shall not be responsible for any fees or expenses associated with the administration, distribution and/or allocation of the Settlement Payment. Delaware Lead Counsel shall administer the process for the distribution and allocation of the Settlement Payment. The administration, distribution and allocation of the Settlement Payment is a matter separate and apart from the Settlement, and any decision, alteration or modification to the administration, distribution and allocation of the Settlement Payment shall not affect the validity or finality of the Settlement. Any reasonable and documented expenses incurred by Defendants in providing Delaware Lead Counsel with information necessary for the administration, distribution and/or allocation of the Settlement Payment shall be reimbursed from the Settlement Payment.

CLASS CERTIFICATION

3. For settlement purposes only, the parties agree that the Actions shall be conditionally certified as a non opt-out class pursuant to Delaware Chancery Court Rules 23(a), 23(b)(1) and (b)(2), defined as record and beneficial holders of Revlon Class A Common Stock, their respective successors in interest, successors, predecessors in interest, predecessors, representatives, trustees, executors, administrators, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them, together with their predecessors and successors and assigns, who held shares of Revlon Class A Common Stock at any time between and including August 10, 2009 and October 8, 2009, including, but not limited to, stockholders who tendered shares in the Exchange Offer, but excluding: (i) Fidelity Management & Research Company (“FMR Co.”) and its investment advisory affiliates, all of which are direct or indirect subsidiaries of FMR LLC, which at the time of the Exchange Offer was the largest unaffiliated Revlon stockholder; (ii) the following funds advised by FMR Co. or its investment advisory affiliates: (a) Fidelity Securities Fund: Leveraged Company Stock Fund; (b) Fidelity Advisor Series I: Advisor Leveraged Company Stock Fund; and (c) Fidelity Advisor High Yield Portfolio; (iii) the following institutional client accounts or funds that are advised by an investment advisory affiliate of FMR Co.: (a) Fidelity Canadian Balanced Fund – High Yield Bond Subaccount; (b) Pension Reserve Investment Management Board of Massachusetts High Yield Bond Account; (c) General Motors Hourly-Rate Employees Pension Trust 7N1J (Successor In Interest); and (d) General Motors Salaried Employees Pension Trust 7N1L (Successor In Interest); (iv) Archview Fund L.P (and its predecessor entity, Archview Credit Opportunities Fund L.P.); (v) Archview Master Fund Ltd. (and its predecessor entity, Archview Credit Opportunities Master Fund Ltd.); and (vi) Defendants, any Revlon officers and directors identified in Revlon’s 2009 Annual Report who would otherwise be part of the class, and members of MacAndrews & Forbes management who

participated in the Exchange Offer (the “Class”). The Class, as defined herein and in the Order and Final Judgment (as defined below), includes plaintiffs in the *Sullivan* Action and *Garofalo* Action.

4. In the event the Settlement does not become final for any reason, Defendants reserve the right to oppose certification of any plaintiff class in any future proceedings in the Actions.

SUBMISSION AND APPLICATION TO THE DELAWARE CHANCERY COURT

5. As soon as practicable after this Stipulation has been executed, (i) the parties in the Consolidated Action shall apply jointly for a scheduling order (the “Scheduling Order”) substantially in the form attached hereto as Exhibit A establishing the procedure for: (a) the approval of notice to the Class substantially in the form attached hereto as Exhibit B (the “Notice”), and (b) the Delaware Chancery Court’s consideration of the proposed Settlement, class certification, and Delaware Lead Counsel’s application for attorneys’ fees and expenses on behalf of all plaintiffs’ counsel in the Actions as well as any compensatory award for plaintiffs; and (ii) counsel for plaintiffs in the *Sullivan* Action and *Garofalo* Action shall inform the New York State Supreme Court and Delaware District Court, respectively, of the execution of this Stipulation and shall request a stay of all proceedings in those cases. The parties agree that the Settlement shall be presented to the Delaware Chancery Court, which shall administer the settlement process, and that within three (3) business days of Final Approval (as defined in Paragraph 12 below) of the Settlement, the parties to the *Sullivan* Action and *Garofalo* Action (consistent with Paragraph 34 below) shall submit appropriate papers to the New York State Supreme Court and Delaware District Court, respectively, requesting dismissal of those actions with prejudice.

NOTICE

6. Subject to the approval of the Delaware Chancery Court, Notice of the proposed Settlement shall be provided by Revlon at its expense. Notice shall be made by mailing a notice substantially in the form attached hereto as Exhibit B to the Class in accordance with the Scheduling Order. In addition, Revlon shall: (i) file with the United States Securities and Exchange Commission a Form 8-K attaching a copy of the Notice and (ii) post the Notice on the Company's website. Counsel for Revlon shall, at least ten (10) business days before the Settlement Hearing (as defined below), file with the Delaware Chancery Court an appropriate affidavit with respect to the preparation, mailing and posting of the Notice.

ORDER AND FINAL JUDGMENT

7. If the Settlement (including any modification made with the consent of the parties as provided for herein) is approved by the Delaware Chancery Court following a hearing (the "Settlement Hearing") as being fair, reasonable, adequate and in the best interests of the Class, the parties shall jointly request that the Delaware Chancery Court enter an order and final judgment (the "Order and Final Judgment") substantially in the form attached hereto as Exhibit C.

8. The Order and Final Judgment shall, among other things, provide for the full and complete dismissal of the Consolidated Action with prejudice, and the settlement and release of, and a permanent injunction barring, any claims, demands, rights, actions, causes of action, liabilities, damages, losses, obligations, judgments, duties, suits, costs, expenses, matters and issues, known or unknown, contingent or absolute, suspected or unsuspected, disclosed or undisclosed, liquidated or unliquidated, matured or unmatured, accrued or unaccrued, apparent or unapparent, that have been, could have been, or in the future can or might be asserted in any court, tribunal or proceeding (including, but not limited to, any claims arising under federal,

state, foreign or common law, including the federal securities laws and any state disclosure law), by or on behalf of plaintiffs in the Consolidated Action or any member of the Class, whether individual, direct, class, derivative (on behalf of Revlon or otherwise), representative, legal, equitable, or any other type or in any other capacity (collectively, the "Releasing Persons") against Defendants, Wolfe, Santagati, or any of their respective families, parent entities, controlling persons, associates, affiliates or subsidiaries and each and all of their respective past or present officers, directors, stockholders, principals, representatives, employees, attorneys, financial or investment advisors, consultants, accountants, investment bankers, commercial bankers, entities providing fairness opinions, underwriters, advisors or agents, heirs, executors, trustees, general or limited partners or partnerships, limited liability companies, members, joint ventures, personal or legal representatives, estates, administrators, predecessors, successors and assigns (collectively, the "Released Persons") which the Releasing Persons ever had, now have, or may have by reason of, arising out of, relating to, or in connection with the acts, events, facts, matters, transactions, occurrences, statements, or representations, or any other matter whatsoever set forth in or otherwise related, directly or indirectly, to the allegations in the Actions, the complaints and amended complaints in the Actions, the Proposal, the Exchange Offer and other transactions contemplated therein, disclosures made in connection therewith (including the adequacy and completeness of such disclosures), any disclosure of the Company's actual, projected or estimated financial results for the third quarter 2009, or any other disclosure made by Revlon from the date of the Proposal through the date Revlon announced its financial results for the third quarter 2009 (including the adequacy and completeness of such disclosures) (the "Settled Claims"); *provided, however*, that the Settled Claims shall not release any claims to enforce the Settlement.

9. The Order and Final Judgment shall bar and release any and all claims, known or unknown, for damages, injunctive relief, or any other remedies against plaintiffs in the Consolidated Action or any member of the Class, their attorneys or agents based upon, arising from, or related to prosecution and/or settlement of the Actions.

CONDITIONS OF SETTLEMENT

10. Defendants deny and continue to deny that they have committed or aided and abetted the commission of any unlawful or wrongful acts alleged in the Consolidated Action, *Sullivan* Action, *Garofalo* Action and *Smutek* Action, and expressly maintain that they diligently and scrupulously complied with their fiduciary duties and other legal duties. Defendants are entering into this Stipulation solely because the proposed Settlement will eliminate the burden and expense of further litigation.

11. Plaintiffs and their counsel in the Actions believe Defendants would assert significant legal and factual defenses to the claims made in the Actions. Plaintiffs and their counsel in the Actions also took into consideration the strengths and weaknesses of their claims. Based on these considerations, plaintiffs and their counsel in the Actions determined that the terms of the Settlement are fair, reasonable, adequate, and in the best interests of plaintiffs in the Actions and all members of the proposed Class.

12. The Settlement is conditioned upon, and effective upon, the fulfillment of each of the following (the "Effective Date"):

(i) the Settlement becoming final ("Final Approval") upon the completion of: (a) negotiation and execution of this Stipulation and any related documentation; (b) approval of the Settlement, entry of the Order and Final Judgment, and dismissal with prejudice of the Consolidated Action in substantially the form attached hereto as Exhibit C, without the award of any damages, costs, or fees, except as specifically provided in this Stipulation and approved by

the Delaware Chancery Court; (c) the inclusion in the Order and Final Judgment of a provision enjoining all members of the Class (which includes plaintiffs in the *Sullivan* Action and *Garofalo* Action) from asserting any of the Settled Claims; and (d) such Order and Final Judgment is either finally affirmed on appeal, or is not subject to appeal (or further appeal) by lapse of time or otherwise;

(ii) dismissal with prejudice of the *Sullivan* Action and *Garofalo* Action, which dismissals are finally affirmed on appeal, or are not subject to appeal (or further appeal) by lapse of time or otherwise; and

(iii) negotiation and execution of the settlement stipulation in the *Smutek* Action and any related documentation, approval of the settlement in the *Smutek* Action by the Delaware District Court, entry of an order and final judgment in the *Smutek* Action, which order and final judgment is either finally affirmed on appeal, or is not subject to appeal (or further appeal) by lapse of time or otherwise, and dismissal with prejudice of the *Smutek* Action.

13. Each of the Defendants shall have the right to withdraw from the Settlement in the event that any claims related to the Settled Claims are commenced or prosecuted against any of the Released Persons (as defined in Paragraph 8 above) in any court prior to Final Approval (as defined in Paragraph 12 above) of the Settlement and (following a motion by Defendants) such claims are not dismissed with prejudice or stayed in contemplation of dismissal. In the event such claims are commenced, plaintiffs in the Actions and Defendants agree to cooperate and use their reasonable best efforts to secure the dismissal (or a stay in contemplation of dismissal following Final Approval of the Settlement) thereof.

14. This Stipulation shall be null and void and of no force and effect if the Settlement does not obtain Final Approval, as defined in Paragraph 12 above, for any reason. In any such event, this Stipulation shall not be deemed to prejudice in any way the respective positions of the

parties with respect to the Actions or the *Smutek* Action or to entitle any party to the recovery of costs and expenses incurred in connection with the intended implementation of the Settlement; *provided, however*, that Revlon shall be responsible for paying the costs of providing the Notice to the Class regardless of whether the Settlement is approved.

15. In the event that the proposed Settlement is rendered null and void for any reason, the existence of or the provisions contained in this Stipulation shall not be deemed to prejudice in any way the respective positions of plaintiffs or Defendants with respect to the Actions or the *Smutek* Action, including the right of Defendants to oppose the certification of the Class (or any sub-class thereof), or any other class, in any future proceedings; nor shall they be deemed a presumption, concession, or admission by plaintiffs or any of the Defendants of any fault, liability, or wrongdoing as to any facts, claims, or defenses that have been or might have been alleged or asserted in the Actions, the *Smutek* Action, or any other action or proceeding or each thereof; nor shall they be interpreted, construed, deemed, invoked, offered, or received in evidence or otherwise used by any person in the Actions, the *Smutek* Action, or any other action or proceeding.

ATTORNEYS' FEES

16. Delaware Lead Counsel, on behalf of all counsel for plaintiffs in the Actions, intends to apply to the Delaware Chancery Court for an award of attorneys' fees and expenses for the benefit obtained on behalf of the Class, and the Fidelity Settlement and the Archview Settlement. Defendants reserve the right to oppose the award of attorneys' fees and expenses based on such application, except that Defendants will not base any opposition to the award of fees and expenses based on the Fidelity Settlement and Archview Settlement on the ground that Fidelity and Archview are not members of the Class as defined herein. The award of attorneys' fees and expenses to any plaintiffs' counsel in the Actions is expressly contingent upon all of the

conditions in Paragraph 12 above being met. Delaware Lead Counsel also intends to seek compensatory awards for certain of the plaintiffs. Payment of attorneys' fees and expenses, and any compensatory awards, will be made within ten (10) business days of the Effective Date. Any amounts of attorneys' fees and expenses and/or compensatory awards for plaintiffs that are awarded by the Delaware Chancery Court on the basis of the benefit represented by the Settlement Payment shall be paid exclusively from the Settlement Payment. While plaintiffs and their counsel will be seeking fees from Fidelity and Archview for the benefits they believe they have achieved in connection with, respectively, the Fidelity Settlement and the Archview Settlement, they expressly acknowledge that they will not seek from Defendants, directly or indirectly, payment of any fees awarded by the Delaware Chancery Court on the basis of the purported benefits represented by the Fidelity Settlement and the Archview Settlement, that they will seek payment of any such fees only from Fidelity and Archview, that Defendants shall not be liable to plaintiffs or their counsel for any such fee award, and that plaintiffs in the Actions and their counsel expressly waive any right to receive such fees from Defendants. For avoidance of doubt, any efforts by plaintiffs and their counsel to obtain fees from Fidelity and Archview shall not be deemed to be seeking or receiving from Defendants the direct or indirect payment of fees. Except as provided in this Stipulation, Defendants shall bear no other expenses, costs, damages or fees incurred by plaintiffs in any of the Actions, by any member of the Class, or any of their respective attorneys, experts, advisors, agents, or representatives. Delaware Lead Counsel's application for an award of attorneys' fees and expenses, and any compensatory award for plaintiffs in any of the Actions, will be the exclusive application for any such fees, expenses and awards, and counsel for plaintiffs in the *Sullivan* Action and *Garofalo* Action will not make separate applications for any attorneys' fees and expenses, or compensatory awards for plaintiffs in the Consolidated Action, *Sullivan* Action or *Garofalo* Action. Defendants shall have no

responsibility for, or liability with respect to, the allocation among any counsel for any plaintiff of any award of attorneys' fees and expenses that the Delaware Chancery Court may make, and Defendants take no position with respect to such matters. Any disputes among counsel for any plaintiff with respect to the allocation of any award of attorneys' fees and expenses shall be made to the Delaware Chancery Court.

17. Any failure of the Delaware Chancery Court to approve a request for attorneys' fees and expenses in whole or in part shall not affect the remainder of the Settlement.

EFFECT OF RELEASES

18. The Order and Final Judgment shall provide that the releases in Paragraphs 8 and 9 above shall extend to all claims that Releasing Persons do not know or suspect to exist at the time of the release of the Settled Claims, which, if known, might have affected the Releasing Persons' decisions to enter into the releases or the Settlement. Additionally, plaintiffs in the Actions acknowledge, and the members of the Class by operation of law shall be deemed to have acknowledged, that they may discover facts in addition to or different from those now known or believed to be true by them with respect to the Settled Claims, but that it is the intention of plaintiffs in the Actions, and by operation of law the intention of the members of the Class, to completely, fully, finally and forever compromise, settle, release, discharge, extinguish, and dismiss any and all Settled Claims, known or unknown, suspected or unsuspected, contingent or absolute, accrued or unaccrued, apparent or unapparent, which now exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery of additional or different facts. Plaintiffs in the Actions acknowledge, and the members of the Class by operation of law shall be deemed to have acknowledged, that "Unknown Claims" are expressly included in the definition of "Settled Claims," and that such inclusion was expressly bargained for and was a key element of the Settlement and was relied upon by each and all of the Released Persons in

entering into this Stipulation. "Unknown Claims" means any claim that plaintiffs in the Actions or any member of the Class does not know or suspect exists in his, her or its favor at the time of the release of the Settled Claims as against the Released Persons, including, without limitation, those which, if known, might have affected the decision to enter into the Settlement. With respect to any of the Settled Claims, the parties stipulate and agree that upon Final Approval of the Settlement (as defined in Paragraph 12 above), plaintiffs in the Actions shall expressly and each member of the Class shall be deemed to have, and by operation of the Order and Final Judgment by the Delaware Chancery Court shall have, expressly waived, relinquished and released any and all provisions, rights and benefits conferred by or under Cal. Civ. Code § 1542 or any law of the United States or any state of the United States or territory of the United States, or principle of common law, which is similar, comparable or equivalent to Cal. Civ. Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

19. Plaintiffs in the Actions acknowledge, and the members of the Class shall be deemed by operation of the entry of an order and final judgment approving the Settlement to have acknowledged, that the foregoing waiver was separately bargained for, is an integral element of the Settlement, and was relied upon by each and all of the Defendants in entering into the Settlement.

BEST EFFORTS

20. Plaintiffs in the Actions, Defendants, and their attorneys agree to cooperate fully with one another in seeking the Delaware Chancery Court's approval of this Stipulation and the Settlement, and to use their best efforts to effect, take, or cause to be taken all actions, and to do,

or cause to be done, all things reasonably necessary, proper, or advisable under applicable laws, regulations, and agreements to consummate and make effective, as promptly as practicable, this Stipulation and the Settlement provided for hereunder (including, but not limited to, using their best efforts to resolve any objections raised to the Settlement), and the dismissal of the Actions with prejudice and without costs, fees or expenses to any party (except as provided for by Paragraph 16 above).

EXTENSIONS OF TIME

21. Plaintiffs in the Actions and Defendants may agree to reasonable extensions of time in order to carry out any provisions of this Stipulation.

STAY OF PROCEEDINGS

22. Pending Final Approval of the Settlement, the parties in the Actions agree to stay their respective proceedings and not to initiate any other proceedings other than those incident to the Settlement itself.

23. Pending final determination of whether the Settlement should be approved, plaintiffs in the Actions and all members of the Class are barred and enjoined from commencing, prosecuting, instigating or in any way participating in the commencement or prosecution of any action asserting any Settled Claims, either directly, representatively, derivatively, or in any other capacity, against Defendants or any of the Released Persons.

24. If any action that would be barred by the releases contemplated by the Settlement is commenced against any of the parties to this Stipulation in any court prior to the Settlement being fully approved by the Delaware Chancery Court, the parties will collectively in good faith seek the dismissal or stay of such action. If any such motion to dismiss such action is not granted or if any such motion to stay such action is not granted in contemplation of dismissal after approval of the Settlement contemplated hereby, any Defendant may at his, her or its sole option, prior to the Settlement Hearing conducted by the Delaware Chancery Court, withdraw from the Settlement. In such a circumstance, the Settlement will be null and void.

STIPULATION NOT AN ADMISSION

25. The provisions contained in this Stipulation and the Settlement Payment described in Paragraph 1 above shall not be deemed a presumption, concession, or admission by any of the Defendants in the Actions or the *Smutek* Action of any fault, liability, or wrongdoing as to any facts or claims alleged or asserted in the Actions or the *Smutek* Action, or any other actions or proceedings, and shall not be interpreted, construed, deemed, invoked, offered, or received in evidence or otherwise used by any person in the Actions or the *Smutek* Action, or in any other action or proceeding, whether civil, criminal, or administrative, except that: (i) this Stipulation and/or its exhibits may be filed in any litigation or judicial proceeding to enforce the terms of the Settlement or to enforce the dismissals of the *Sullivan* Action and *Garofalo* Action; and (ii) Defendants may file, cite and/or refer to this Stipulation and/or the Order and Final Judgment in related litigation as evidence of the Settlement, or in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

26. In the event that (i) the Delaware Chancery Court declines, in any material respect (except for a disallowance or modification of the fees and/or expenses sought by Delaware Lead Counsel), to enter the Order and Final Judgment provided for in this Stipulation and any one of the parties hereto fails to consent to the entry of another form of order in lieu thereof; (ii) the Delaware Chancery Court disapproves the Settlement proposed in this Stipulation, including any amendments thereto agreed upon by all of the parties; (iii) the Delaware Chancery Court approves the Settlement proposed in this Stipulation or any amendment thereto approved by all

of the parties, but such approval is reversed or substantially modified on appeal (except reversal or modification related only to the issue of Delaware Lead Counsel's attorneys' fees and/or the reimbursement of expenses) and such reversal or modification becomes final by a lapse of time or otherwise; then, in any of such events, this Stipulation, the Settlement proposed in this Stipulation (including any amendments thereof), and any actions taken or to be taken with respect to the Settlement proposed in this Stipulation and the Order and Final Judgment to be entered shall be of no further force or effect and shall be null and void, and shall be without prejudice to any of the parties hereto, who shall be restored in all respects to their respective positions existing prior to the execution of this Stipulation, except that Revlon shall not be entitled to reimbursement of sums expended pursuant to Paragraph 6 above. For purposes of this provision, a disallowance or modification by the Delaware Chancery Court of the attorneys' fees and/or expenses sought by Delaware Lead Counsel shall not be deemed an amendment, modification or disapproval of the Settlement or the Order and Final Judgment.

COVENANT NOT TO SUE

27. Upon Final Approval of the Settlement, each member of the Class covenants not to sue, and each member of the Class shall be barred from suing, any Defendant or any other Released Person for any Settled Claim.

ENTIRE AGREEMENT; AMENDMENTS

28. This Stipulation constitutes the entire agreement among the parties in the Actions with respect to the subject matter hereof, and may be modified or amended only by a writing signed by the signatories hereto.

COUNTERPARTS

29. This Stipulation may be executed in multiple counterparts by any of the signatories hereto, including by facsimile or electronic mail, and as so executed shall constitute one agreement.

GOVERNING LAW

30. This Stipulation and the Settlement contemplated by it shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflict of laws principles.

SUCCESSORS AND ASSIGNS

31. This Stipulation, and all rights and powers granted hereby, shall be binding upon and inure to the benefit of the parties and their respective agents, executors, heirs, successors, affiliates and assigns.

REPRESENTATION AND WARRANTY

32. Each plaintiff in the Actions and his counsel represent and warrant that (i) the plaintiff is or was a Revlon Class A Common stockholder who falls within the definition of Class as defined in Paragraph 3 above, and (ii) none of the plaintiffs' claims or causes of action referred to in any of the complaints in the Actions or this Stipulation, or any claims the plaintiffs could have alleged, have been assigned, encumbered, or in any manner transferred in whole or in part.

AUTHORITY

33. The undersigned attorneys represent and warrant that they have the authority from their client(s) to enter into this Stipulation and bind their client(s) thereto.

SULLIVAN ACTION AND GAROFALO ACTION

34. Counsel for the plaintiffs in the *Sullivan* Action and *Garofalo* Action shall seek dismissal with prejudice of the *Sullivan* Action and *Garofalo* Action within three (3) business days of the date of Final Approval, as defined in Paragraph 12 above, substantially in the form attached hereto as Exhibits D and E.

Dated: October 8, 2012

RICHARDS, LAYTON & FINGER, P.A.

/s/ Raymond J. DiCamillo

Raymond J. DiCamillo (#3188)
Kevin M. Gallagher (#5337)
920 North King Street
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GIBSON, DUNN & CRUTCHER LLP

/s/ Marshall R. King

Lawrence Zweifach
Marshall R. King
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(212) 351-4000

*Counsel for Defendants Bernikow, Bohan,
Feldberg, Jordan, Lee, Mellon, and Seifert*

SKADDEN, ARPS, SLATE, MEAGHER &
FLOM LLP

/s/ Thomas J. Allingham II

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*Counsel for Defendants Ennis, Kennedy,
and Revlon, Inc.*

SMITH KATZENSTEIN & JENKINS, LLP

/s/ David A. Jenkins

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Consolidated Action*

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/s/ Curtis V. Trinko

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/s/ William Savitt

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(212) 403-1000

Counsel for Defendants Perelman, Schwartz, and MacAndrews & Forbes Holdings Inc.

BRAGAR EAGEL & SQUIRE, P.C.

BIGGS & BATTAGLIA

/s/ Raymond A. Bragar

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/s/ Robert D. Goldberg

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Counsel for Plaintiff in the Sullivan Action

Counsel for Plaintiff in the Garofalo Action

BERGER & MONTAGUE, P.C.

/s/ Robin Switzenbaum

Lawrence Deutsch
Robin Switzenbaum
Glen L. Abramson
Shauna Itri
1622 Locust Street
Philadelphia, Pennsylvania 19103
(215) 875-3062

Counsel for Plaintiff in the Garofalo Action

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE REVLON, INC.
SHAREHOLDERS LITIGATION

Consol. C.A. No. 4578-VCL

SCHEDULING ORDER

Plaintiffs, by plaintiffs' Delaware lead counsel ("Delaware Lead Counsel") (Smith Katzenstein & Jenkins, LLP, Harwood Feffer LLP, and the Law Offices of Curtis V. Trinko, LLP), and defendants Ronald O. Perelman, Barry F. Schwartz, David L. Kennedy, Alan T. Ennis, Alan S. Bernikow, Paul J. Bohan, Meyer Feldberg, Ann D. Jordan, Debra L. Lee, Tamara Mellon, Kathi P. Seifert, Revlon, Inc. ("Revlon" or the "Company"), and MacAndrews & Forbes Holdings Inc. (collectively, "Defendants" and, together with plaintiffs, the "Parties"), having applied pursuant to Delaware Court of Chancery Rule 23 for an order approving the proposed settlement of the above-captioned consolidated class action (the "Consolidated Action") and determining certain matters in connection with the proposed settlement of the Consolidated Action (the "Settlement") and for dismissal of the Consolidated Action with prejudice, in accordance with the terms and conditions of the Stipulation and Agreement of Compromise, Settlement and Release entered into by the Parties and dated October 8, 2012 (with the exhibits thereto, the "Stipulation");

NOW, upon consent of the Parties, after review and consideration of the Stipulation filed with the Delaware Court of Chancery (the "Court") and the exhibits annexed thereto, and after due deliberation,

IT IS HEREBY ORDERED this day of , 2012, that:

1. This Scheduling Order incorporates by reference the definitions in the Stipulation, and unless defined herein, capitalized words and terms shall have the same meaning as they have in the Stipulation.

2. For purposes of the proposed Settlement only, and preliminarily for purposes of this Scheduling Order, the Consolidated Action shall be maintained and proceed as a non opt-out class action pursuant to Delaware Court of Chancery Rules 23(a), 23(b)(1) and 23(b)(2), by plaintiffs Edward S. Gutman and Lawrence Corneck (“Plaintiffs”) as class representatives, on behalf of the following class (the “Class”): record and beneficial holders of Revlon Class A Common Stock, their respective successors in interest, successors, predecessors in interest, predecessors, representatives, trustees, executors, administrators, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them, together with their predecessors and successors and assigns, who held shares of Revlon Class A Common Stock at any time between and including August 10, 2009 and October 8, 2009, including, but not limited to, stockholders who tendered shares in the Exchange Offer, but excluding: (i) Fidelity Management & Research Company (“FMR Co.”) and its investment advisory affiliates, all of which are direct or indirect subsidiaries of FMR LLC, which at the time of the Exchange Offer was the largest unaffiliated Revlon stockholder; (ii) the following funds advised by FMR Co. or its investment advisory affiliates: (a) Fidelity Securities Fund: Leveraged Company Stock Fund; (b) Fidelity Advisor Series I: Advisor Leveraged Company Stock Fund; and (c) Fidelity Advisor High Yield Portfolio; (iii) the following institutional client accounts or funds that are advised by an investment advisory affiliate of FMR Co.: (a) Fidelity Canadian Balanced Fund – High Yield Bond Subaccount; (b) Pension Reserve

Investment Management Board of Massachusetts High Yield Bond Account; (c) General Motors Hourly-Rate Employees Pension Trust 7N1J (Successor In Interest); and (d) General Motors Salaried Employees Pension Trust 7N1L (Successor In Interest); (iv) Archview Fund L.P (and its predecessor entity, Archview Credit Opportunities Fund L.P.); (v) Archview Master Fund Ltd. (and its predecessor entity, Archview Credit Opportunities Master Fund Ltd.); and (vi) Defendants, any Revlon officers and directors identified in Revlon's 2009 Annual Report who would otherwise be part of the class, and members of MacAndrews & Forbes management who participated in the Exchange Offer.

3. A hearing shall be held on _____, 2012 at _____ .m., by the Court, in the Delaware Court of Chancery, New Castle County Courthouse, 500 North King Street, Wilmington, Delaware 19801 (the "Settlement Hearing") to:

- i. determine whether the Class as defined above should be certified;
- ii. determine whether the Settlement should be approved by the Court as fair, reasonable, adequate and in the best interests of the Class;
- iii. determine whether an Order and Final Judgment should be entered pursuant to the Stipulation, dismissing the Consolidated Action;
- iv. determine whether Plaintiffs and Delaware Lead Counsel have adequately represented the Class;
- v. consider Delaware Lead Counsel's application for an award of attorneys' fees and expenses on behalf of all plaintiffs' counsel in the Actions as well as any compensatory award for plaintiffs (the "Fee Application");
- vi. consider any objections to the proposed Settlement or Fee Application; and
- vii. rule on such other matters as the Court may deem appropriate.

4. The Court reserves the right to adjourn the Settlement Hearing or any adjournment thereof, including the consideration of the Fee Application, without further notice of any kind to the Class other than oral announcement at the Settlement Hearing or any adjournment thereof.

5. The Court reserves the right to approve the proposed Settlement at or after the Settlement Hearing with such modification(s) as may be consented to by the Parties to the Stipulation and without further notice to the Class.

6. The Court approves, in form and content, the Notice and Pendency of Class Action, Proposed Settlement of Class Action, Settlement Hearing and Right to Appear (the "Notice") substantially in the form attached to the Stipulation as Exhibit B, which shall be mailed to all stockholders of record at any time between and including August 10, 2009 and October 8, 2009, consistent with the Class definition in the manner set forth herein.

7. Within twenty (20) business days after the date of this Scheduling Order, Revlon shall cause a copy of the Notice to be mailed by first-class mail to all stockholders of record at any time between and including August 10, 2009 and October 8, 2009, consistent with the Class definition at their last known address appearing in the stock transfer records maintained by or on behalf of Revlon. All record holders who were not the beneficial holders of the shares of Revlon Class A Common Stock are directed to forward the Notice to the beneficial holders of those shares. Revlon shall use reasonable efforts to give notice to beneficial holders of Revlon's Class A Common Stock by making additional copies of the Notice available to any record holder who, prior to the Settlement Hearing, requests the same for distribution to beneficial holders. Revlon shall also file with the United States Securities and Exchange Commission a Form 8-K

attaching a copy of the Notice and post the Notice on the Company's website at www.revlon.com on the Investor Relations page, which can be accessed through the Corporate page, under the heading "*In re Revlon, Inc. Shareholders Litigation Class Action Settlement Notice.*" A copy of the Form 8-K attaching the Notice will be available on Revlon's website at www.revlon.com on the Investor Relations page, which can be accessed through the Corporate page, under the heading "SEC Filings."

8. Counsel for Revlon shall, at least ten (10) business days prior to the Settlement Hearing described herein, file with the Court proof (by affidavit or declaration) of compliance with the Notice procedures set forth in Paragraph 7 above.

9. The form and method of the Notice specified in this Scheduling Order: (i) constitutes the best notice practicable under the circumstances to apprise members of the Class of the pendency of the Consolidated Action, the effect of the proposed Settlement (including the nature and scope of the releases contained therein) and their rights to object to the proposed Settlement and appear at the Settlement Hearing; (ii) constitutes due, adequate and sufficient notice to all persons and entities entitled to receive notice of the Settlement; and (iii) satisfies the requirements of the United States Constitution (including the Due Process Clause), Delaware Court of Chancery Rule 23 and all other applicable law and rules.

10. All proceedings in the Consolidated Action, other than such proceedings as may be necessary to carry out the terms and conditions of the Settlement, are hereby stayed and suspended until further order of the Court. Pending final determination of whether the Settlement should be approved, Plaintiffs, and all members of the Class, are barred and enjoined from commencing or prosecuting any action asserting either directly, representatively, derivatively or in any other capacity any Settled Claims (as defined in the Stipulation).

11. Any member of the Class who objects to the proposed Settlement, the Order and Final Judgment to be entered in the Consolidated Action, and/or the Fee Application, or who otherwise wishes to be heard, may appear in person or by such member's attorney at the Settlement Hearing and present evidence or argument that may be proper and relevant; *provided, however*, that, except by Order of the Court for good cause shown, no person or entity shall be heard and no papers, briefs, pleadings or other documents submitted by any person or entity shall be considered by the Court unless not later than ten (10) business days prior to the Settlement Hearing such person or entity files with the Register in Chancery and serves upon counsel listed below: (i) a written notice of intention to appear, identifying the name, address and telephone number of the objector and, if represented, the objector's counsel; (ii) a signed written statement by the objector of such objector's objections to any matters before the Court; (iii) the grounds for such objections and the reasons that such objector desires to appear and be heard; (iv) proof of membership in the Class, including a listing of all transactions in Revlon Class A Common Stock between and including August 10, 2009 and October 8, 2009; and (v) all documents and writings such objector desires the Court to consider. Such filings shall be served upon the following counsel:

Robert J. Katzenstein
David A. Jenkins
Smith Katzenstein & Jenkins, LLP
800 Delaware Avenue
Suite 1000
Wilmington, Delaware 19801

William Savitt
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019

Thomas J. Allingham II
Alyssa S. O'Connell
Skadden, Arps, Slate, Meagher & Flom LLP
One Rodney Square
P.O. Box 636
Wilmington, Delaware 19899

Lawrence Zweifach
Marshall R. King
Gibson, Dunn & Crutcher LLP
200 Park Avenue, 47th Floor
New York, New York 10166

Such papers must also be filed with the Register in Chancery, Delaware Court of Chancery, 500 North King Street, Wilmington, Delaware 19801.

12. Unless the Court otherwise directs, no person or entity shall be entitled to object to the approval of the Settlement, any judgment entered thereon, the adequacy of the representation of the Class by Plaintiffs and Delaware Lead Counsel, any award of attorneys' fees and expenses, or otherwise be heard, except by serving and filing a written objection and supporting papers and documents as described in Paragraph 11 above. Any person or entity who fails to object in the manner described above shall be deemed to have waived the right to object (including any right of appeal) and shall be forever barred from raising such objection in the Consolidated Action or any other action or proceeding.

13. The Parties shall file any papers, including memoranda or briefs, in response to any objections no later than five (5) business days prior to the Settlement Hearing.

14. Delaware Lead Counsel shall file and serve papers in support of approval of the proposed Settlement and their Fee Application no later than twenty (20) business days prior to the Settlement Hearing, with any objections by Defendants to the Fee

Application filed and served no later than ten (10) business days prior to the Settlement Hearing; if reply papers are necessary, they are to be filed and served no later than three (3) business days prior to the Settlement Hearing.

15. If the Court approves the proposed Settlement provided for in the Stipulation following the Settlement Hearing, the Order and Final Judgment shall be entered substantially in the form attached to the Stipulation as Exhibit C.

16. If the Settlement, including any amendment made in accordance with the Stipulation, is not approved by the Court or shall not become effective for any reason whatsoever, the Settlement (including any modification thereof made with the consent of the Parties as provided for in the Stipulation) and temporary Class certification herein and any actions taken or to be taken in connection therewith (including this Scheduling Order and any judgment entered herein) shall be terminated and shall become void and of no further force and effect, except for the obligation of Revlon to pay for any expenses incurred in connection with the Notice and administration provided for by this Scheduling Order.

17. Neither the Stipulation, nor any provision contained in the Stipulation, nor any action undertaken pursuant thereto, nor the negotiation thereof by any party shall be deemed an admission or received as evidence in the Consolidated Action or any other action or proceeding.

18. The Court may, for good cause, extend any of the deadlines set forth in this Scheduling Order without further notice to the members of the Class.

Vice Chancellor Laster

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE REVLON, INC.
SHAREHOLDERS LITIGATION

Consol. C.A. No. 4578-VCL

**NOTICE OF PENDENCY OF CLASS ACTION, PROPOSED
SETTLEMENT OF CLASS ACTION, SETTLEMENT HEARING
AND RIGHT TO APPEAR**

TO: RECORD AND BENEFICIAL HOLDERS OF REVLON, INC. (“REVLON” OR THE “COMPANY”) CLASS A COMMON STOCK, THEIR RESPECTIVE SUCCESSORS IN INTEREST, SUCCESSORS, PREDECESSORS IN INTEREST, PREDECESSORS, REPRESENTATIVES, TRUSTEES, EXECUTORS, ADMINISTRATORS, HEIRS, ASSIGNS OR TRANSFEREES, IMMEDIATE AND REMOTE, AND ANY PERSON OR ENTITY ACTING FOR OR ON BEHALF OF, OR CLAIMING UNDER, ANY OF THEM, AND EACH OF THEM, TOGETHER WITH THEIR PREDECESSORS AND SUCCESSORS AND ASSIGNS, WHO HELD SHARES OF REVLON CLASS A COMMON STOCK AT ANY TIME BETWEEN AND INCLUDING AUGUST 10, 2009 AND OCTOBER 8, 2009, INCLUDING, BUT NOT LIMITED TO, STOCKHOLDERS WHO TENDERED SHARES IN THE EXCHANGE OFFER (AS DEFINED BELOW), BUT EXCLUDING: (i) FIDELITY MANAGEMENT & RESEARCH COMPANY (“FMR CO.”) AND ITS INVESTMENT ADVISORY AFFILIATES, ALL OF WHICH ARE DIRECT OR INDIRECT SUBSIDIARIES OF FMR LLC, WHICH AT THE TIME OF THE EXCHANGE OFFER WAS THE LARGEST UNAFFILIATED REVLON STOCKHOLDER; (ii) THE FOLLOWING FUNDS ADVISED BY FMR CO. OR ITS INVESTMENT ADVISORY AFFILIATES: (a) FIDELITY SECURITIES FUND: LEVERAGED COMPANY STOCK FUND; (b) FIDELITY ADVISOR SERIES I: ADVISOR LEVERAGED COMPANY STOCK FUND; AND (c) FIDELITY ADVISOR HIGH YIELD PORTFOLIO; (iii) THE FOLLOWING INSTITUTIONAL CLIENT ACCOUNTS OR FUNDS THAT ARE ADVISED BY AN INVESTMENT ADVISORY AFFILIATE OF FMR CO.: (a) FIDELITY CANADIAN BALANCED FUND – HIGH YIELD BOND SUBACCOUNT; (b) PENSION RESERVE INVESTMENT MANAGEMENT BOARD OF MASSACHUSETTS HIGH YIELD BOND ACCOUNT; (c) GENERAL MOTORS HOURLY-RATE EMPLOYEES PENSION TRUST 7N1J (SUCCESSOR IN INTEREST); AND (d) GENERAL MOTORS SALARIED EMPLOYEES PENSION TRUST 7N1L (SUCCESSOR IN INTEREST); (iv) ARCHVIEW FUND L.P (AND ITS PREDECESSOR ENTITY, ARCHVIEW CREDIT OPPORTUNITIES FUND L.P.); (v) ARCHVIEW MASTER FUND LTD. (AND ITS PREDECESSOR ENTITY, ARCHVIEW CREDIT OPPORTUNITIES MASTER FUND LTD.); AND (vi) DEFENDANTS (AS DEFINED BELOW), ANY REVLON OFFICERS AND DIRECTORS IDENTIFIED IN REVLON’S 2009 ANNUAL REPORT WHO WOULD OTHERWISE BE PART OF THE CLASS, AND MEMBERS OF MACANDREWS & FORBES (AS DEFINED BELOW) MANAGEMENT WHO PARTICIPATED IN THE EXCHANGE OFFER (AS DEFINED BELOW) (THE “CLASS”).

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT OF THE CONSOLIDATED ACTION (AS DEFINED BELOW) REFERRED TO IN THE CAPTION ABOVE AND CONTAINS IMPORTANT INFORMATION. YOUR RIGHTS WILL BE AFFECTED BY THESE LEGAL PROCEEDINGS IN THIS LITIGATION. IF THE COURT (AS DEFINED BELOW) APPROVES THE PROPOSED SETTLEMENT DESCRIBED BELOW, YOU WILL BE FOREVER BARRED FROM CONTESTING THE FAIRNESS OF THE PROPOSED SETTLEMENT, OR PURSUING THE SETTLED CLAIMS (AS DEFINED BELOW) AGAINST THE RELEASED PERSONS (AS DEFINED BELOW). COURT APPROVAL OF THE SETTLEMENT WILL ALSO RESOLVE SIMILAR CLAIMS IN RELATED CLASS ACTIONS CAPTIONED *GAROFALO v. REVLON, INC., ET AL.*, C.A. NO. 1:09-CV-01008-GMS (D. DEL.) AND *SULLIVAN v. PERELMAN, ET AL.*, NO. 650257/2009 (N.Y. SUP. CT.).

IN ADDITION TO THE PROPOSED SETTLEMENT OF THE CONSOLIDATED ACTION (AS DEFINED BELOW) CAPTIONED ABOVE, REVLON WILL ISSUE OR HAS ISSUED A SEPARATE NOTICE ABOUT THE PROPOSED SETTLEMENT OF A RELATED DERIVATIVE ACTION CAPTIONED *SMUTEK v. PERELMAN, ET AL.*, NO. 1:10-CV-00392-GMS (D. DEL.). THAT NOTICE WILL BE OR HAS BEEN POSTED ON REVLON'S WEBSITE AT WWW.REVLON.COM ON THE INVESTOR RELATIONS PAGE, WHICH CAN BE ACCESSED THROUGH THE CORPORATE PAGE, UNDER THE HEADING "SMUTEK DERIVATIVE ACTION SETTLEMENT NOTICE." THAT NOTICE WILL ALSO BE OR HAS BEEN ATTACHED TO A FORM 8-K FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, AND WILL BE AVAILABLE ON REVLON'S WEBSITE AT WWW.REVLON.COM ON THE INVESTOR RELATIONS PAGE, WHICH CAN BE ACCESSED THROUGH THE CORPORATE PAGE, UNDER THE HEADING "SEC FILINGS."

IF YOU WERE NOT THE BENEFICIAL HOLDER OF CLASS A COMMON STOCK OF REVLON, BUT HELD SUCH STOCK FOR A BENEFICIAL HOLDER, READ THE SECTION BELOW ENTITLED "NOTICE TO PERSONS OR ENTITIES THAT HELD ON BEHALF OF OTHERS."

The purpose of this Notice is to inform you of a proposed settlement (the "Settlement") of the above-captioned Consolidated Action (as defined below) pending before Vice Chancellor J. Travis Laster in the Delaware Court of Chancery (the "Court" or the "Delaware Chancery Court"). This Notice also informs you of the Court's preliminary certification of the Class for purposes of the proposed Settlement, and of your right to participate in a hearing to be held before the Court, in the Delaware Court of Chancery, New Castle County Courthouse, 500 North King Street, Wilmington, Delaware 19801 on _____, 2012 at _____m. (the "Settlement Hearing").

The Court has determined for purposes of the proposed Settlement only that the Consolidated Action shall be preliminarily maintained as a non opt-out class action under Court of Chancery Rules 23(a), 23(b)(1), and 23(b)(2), by plaintiffs Edward S. Gutman and Lawrence Corneck ("Plaintiffs") as Class representatives, on behalf of the Class.

The purpose of the Settlement Hearing is to: (i) determine whether the Class as defined above should be certified; (ii) determine whether the Settlement should be approved by the Court as fair, reasonable, adequate and in the best interests of the Class; (iii) determine whether an Order and Final Judgment should be entered pursuant to the Stipulation (as defined below), dismissing the Consolidated Action (as defined below); (iv) determine whether Plaintiffs and Delaware Lead Counsel (as identified below) have adequately represented the Class; (v) consider Delaware Lead Counsel's application for an award of attorneys' fees and expenses on behalf of all plaintiffs' counsel in the Actions (as defined below) as well as any compensatory award for plaintiffs (the "Fee Application"); (vi) consider any objections to the proposed Settlement or Fee Application; and (vii) rule on such other matters as the Court may deem appropriate.

If you are a member of the Class, this Notice will inform you of how, if you so choose, you may enter your appearance in the Consolidated Action (as defined below) or object to the proposed Settlement or Fee Application and have your objection heard at the Settlement Hearing.

THE FOLLOWING RECITATION DOES NOT CONSTITUTE FINDINGS OF THE COURT AND SHOULD NOT BE UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF THE COURT AS TO THE MERITS OF ANY CLAIMS OR DEFENSES BY ANY OF THE PARTIES. IT IS BASED ON STATEMENTS OF THE PARTIES AND IS SENT FOR THE SOLE PURPOSE OF INFORMING YOU OF THE EXISTENCE OF THE CONSOLIDATED ACTION AND OF A HEARING ON A PROPOSED SETTLEMENT SO THAT YOU MAY MAKE APPROPRIATE DECISIONS AS TO STEPS YOU MAY, OR MAY NOT, WISH TO TAKE IN RELATION TO THE CONSOLIDATED ACTION.

Background and Description of the Consolidated Action

On April 20, 2009, Revlon announced that MacAndrews & Forbes Holdings Inc. (“MacAndrews & Forbes”) proposed a merger transaction (the “Proposal”).

On April 24, 2009, plaintiff Vern Mercier filed a verified complaint against Ronald O. Perelman, Barry F. Schwartz, David L. Kennedy, Alan T. Ennis, Alan S. Bernikow, Paul J. Bohan, Meyer Feldberg, Ann D. Jordan, Debra L. Lee, Tamara Mellon, Kathi P. Seifert, Revlon, MacAndrews & Forbes (collectively, “Defendants”), and now-former Revlon director Kenneth L. Wolfe (“Wolfe”) on behalf of a putative class of Revlon’s stockholders in the Delaware Chancery Court captioned *Mercier v. Perelman, et al.*, C.A. No. 4532-VCL (Del. Ch.) (the “*Mercier* Action”).

On May 1, 2009, plaintiff Arthur Jurkowitz filed a verified complaint against Defendants and Wolfe on behalf of a putative class of Revlon’s stockholders in the Delaware Chancery Court, captioned *Jurkowitz v. Perelman, et al.*, C.A. No. 4557-VCL (Del. Ch.) (the “*Jurkowitz* Action”).

On May 4, 2009, plaintiff Stanley S. Sullivan filed a complaint against Defendants and Wolfe on behalf of a putative class of Revlon's stockholders in the New York State Supreme Court, captioned *Sullivan v. Perelman, et al.*, No. 650257/2009 (N.Y. Sup. Ct.) (the "Sullivan Action").

Wolfe was later dismissed by plaintiff Stanley S. Sullivan from the *Sullivan Action*.

On May 5, 2009, plaintiff Suri Lefkowitz filed a verified complaint against Defendants and Wolfe on behalf of a putative class of Revlon's stockholders in the Delaware Chancery Court, captioned *Lefkowitz v. Revlon, Inc., et al.*, C.A. No. 4563-VCL (Del. Ch.) (the "Lefkowitz Action").

On May 12, 2009, plaintiff T. Walter Heiser filed a verified complaint against Defendants and Wolfe on behalf of a putative class of Revlon's stockholders in the Delaware Chancery Court, captioned *Heiser v. Revlon, Inc., et al.*, C.A. No. 4578-VCL (Del. Ch.) (the "Heiser Action").

The *Mercier Action*, *Jurkowitz Action*, *Lefkowitz Action* and *Heiser Action* challenged the Proposal (collectively, the "Initial Delaware Actions").

The *Sullivan Action* also challenged the Proposal.

On June 24, 2009, the Initial Delaware Actions were consolidated under the caption *In re Revlon, Inc. Shareholders Litigation*, C.A. No. 4578-VCL (Del. Ch.).

On August 10, 2009, the Company launched a voluntary exchange offer (the "Exchange Offer").

Following amendments to the terms of the Exchange Offer, the final date on which tenders of Revlon Class A Common Stock could be made was October 7, 2009.

On October 8, 2009, the Company consummated the Exchange Offer.

Pursuant to the Exchange Offer, Revlon issued to stockholders who elected to tender shares into the Exchange Offer 9,336,905 shares of its newly issued Series A Preferred Stock in exchange for the same number of shares of Revlon Class A Common Stock tendered in the Exchange Offer.

On October 29, 2009, Revlon announced its third quarter results for the fiscal quarter ended September 30, 2009.

On December 21, 2009, plaintiff Edward S. Gutman filed a verified complaint on behalf of a putative class of Revlon's stockholders in the Delaware Chancery Court captioned *Gutman v. Perelman, et al.*, C.A. No. 5158-VCL (Del. Ch.) (the "*Gutman Action*").

On December 21, 2009, plaintiff Lawrence Corneck filed a verified complaint on behalf of a putative class of Revlon's stockholders in the Delaware Chancery Court captioned *Corneck v. Perelman, et al.*, C.A. No. 5160-VCL (Del. Ch.) (the "*Corneck Action*").

The *Gutman Action* and the *Corneck Action* alleged breach of fiduciary duty claims in connection with the Exchange Offer and alleged that information regarding the Company's financial results for the third quarter 2009 should have been disclosed in the Exchange Offer materials.

On December 24, 2009, an amended complaint was filed in the *Sullivan Action* on behalf of stockholders that participated in the Exchange Offer, alleging, among other things, that information regarding the Company's financial results for the third quarter 2009 should have been disclosed in the Exchange Offer materials.

On December 31, 2009, plaintiff John Garofalo filed a putative class action complaint on behalf of stockholders that participated in the Exchange Offer against Defendants¹ in the United

¹ Wolfe was initially named as a defendant in the *Garofalo Action*, but was later dismissed.

States District Court for the District of Delaware (the “Delaware District Court”) captioned *Garofalo v. Revlon, Inc., et al.*, C.A. No. 1:09-cv-01008-GMS (D. Del.) (the “*Garofalo* Action”), alleging federal and state law claims in connection with the Exchange Offer and alleging that information regarding the Company’s financial results for the third quarter 2009 should have been disclosed in the Exchange Offer materials.

On January 6, 2010, an amended complaint was filed in the Initial Delaware Actions against Defendants and Wolfe, making allegations similar to those contained in the amended *Sullivan* Action complaint.

On January 15, 2010, the Delaware Chancery Court consolidated the *Gutman* Action and *Corneck* Action with the previously consolidated Initial Delaware Actions (the Initial Delaware Actions, *Gutman* Action and *Corneck* Action, collectively, are hereafter referred to as the “Consolidated Action”).

On March 16, 2010, the Delaware Chancery Court changed the leadership structure for plaintiffs in the Consolidated Action, appointing Smith Katzenstein & Furlow, LLP (now Smith Katzenstein & Jenkins, LLP), Harwood Feffer LLP, and the Law Offices of Curtis V. Trinko, LLP as lead counsel for plaintiffs in the Consolidated Action (“Delaware Lead Counsel”).

On March 16, 2010, the Delaware District Court appointed Berger & Montague, P.C. as lead counsel in the *Garofalo* Action.

On May 11, 2010, Richard Smutek, on behalf of Revlon, filed a derivative complaint against Defendants (in which Revlon was named as a nominal defendant) and current Revlon director Richard J. Santagati (“Santagati”) in the Delaware District Court captioned *Smutek v. Perelman, et al.*, No. 1:10-CV-00392-GMS (D. Del.) (the “*Smutek* Action”), in connection with the Exchange Offer and the alleged failure to disclose information in the Exchange Offer materials regarding the Company’s financial results for the third quarter 2009.

Plaintiff Richard Smutek later filed a voluntary dismissal of Santagati from the *Smutek* Action.

The complaint in the *Smutek* Action alleged, among other things, that Defendants' alleged misconduct with respect to the Exchange Offer exposed Revlon to litigation such as the *Garofalo* Action, *Gutman* Action and *Corneck* Action, and potential damages arising therefrom.

On May 25, 2010, an amended complaint was filed in the Consolidated Action alleging breach of fiduciary duty claims in connection with the Exchange Offer and claiming that information regarding the Company's financial results for the third quarter 2009 should have been disclosed in the Exchange Offer materials.

Wolfe was not named as a defendant in the amended complaint filed in the Consolidated Action.

The amended complaint in the Consolidated Action was brought on behalf of both stockholders who participated in the Exchange Offer and stockholders who did not participate in the Exchange Offer.

On July 9, 2010, Defendants answered the amended complaint in the Consolidated Action.

On August 16, 2010, Defendants moved to dismiss the complaint in the *Smutek* Action.

Defendants' motions to dismiss the complaint in the *Smutek* Action are fully briefed and currently pending.

On July 29, 2011, an amended complaint was filed in the *Garofalo* Action.

Wolfe was not named as a defendant in the amended complaint filed in the *Garofalo* Action.

On January 10, 2012, Delaware Lead Counsel filed a motion for class certification, seeking certification of two subclasses: one subclass of stockholders who participated in the Exchange Offer and another subclass of stockholders who did not participate in the Exchange Offer.

On January 31, 2012, Defendants filed motions to dismiss the amended complaint in the *Garofalo* Action.

On March 2, 2012, the plaintiff in the *Garofalo* Action filed a response opposing Defendants' motions to dismiss, and a motion alternatively seeking leave to amend and file a second amended complaint.

The motions to dismiss and amend in the *Garofalo* Action are fully briefed and currently pending.

Merits discovery is proceeding in the Consolidated Action.

By agreement of the parties, the plaintiff in the *Garofalo* Action has participated in the merits discovery proceeding in the Consolidated Action, and the plaintiff in the *Sullivan* Action had the opportunity to participate.

Defendants have produced tens of thousands of documents as part of merits discovery.

Delaware Lead Counsel has produced documents on behalf of Plaintiffs in the Consolidated Action.

Numerous third parties have been subpoenaed and produced documents as part of merits discovery.

Two representatives of Barclays Capital Inc., Revlon directors Debra L. Lee and Meyer Feldberg, and Wolfe have been deposed.

Defendants deposed proposed class representatives Plaintiffs Edward S. Gutman and Lawrence Corneck.

On December 6, 2010, Delaware Lead Counsel retained and thereafter consulted regularly with a financial advisor, who evaluated the claims asserted in the Actions (as defined below) and the potential settlement.

Beginning in September 2011 and continuing from time to time thereafter, Delaware Lead Counsel and counsel for Defendants discussed a potential resolution of the Consolidated Action.

In April 2012, an in-person meeting to discuss settlement of the Consolidated Action took place among multiple attorneys for plaintiffs in the Consolidated Action and multiple attorneys for Defendants.

On June 21, 2012 and July 17, 2012, Defendants reached agreements to settle claims in connection with the Exchange Offer directly with the following stockholders that had participated in the Exchange Offer and were members of the putative class on whose behalf the Actions (as defined below) have been brought: (i) FMR Co. and its investment advisory affiliates, all of which are direct or indirect subsidiaries of FMR LLC, which at the time of the Exchange Offer was the largest unaffiliated Revlon stockholder; (ii) the following funds advised by FMR Co. or its investment advisory affiliates: (a) Fidelity Securities Fund: Leveraged Company Stock Fund; (b) Fidelity Advisor Series I: Advisor Leveraged Company Stock Fund; and (c) Fidelity Advisor High Yield Portfolio; (iii) the following institutional client accounts or funds that are advised by an investment advisory affiliate of FMR Co.: (a) Fidelity Canadian Balanced Fund – High Yield Bond Subaccount; (b) Pension Reserve Investment Management Board of Massachusetts High Yield Bond Account; (c) General Motors Hourly-Rate Employees Pension Trust 7N1J (Successor In Interest); and (d) General Motors Salaried Employees Pension Trust 7N1L (Successor In Interest) (the entities listed in subsections (i) – (iii) are collectively referred to as “Fidelity,” and the agreement to settle claims with Fidelity is collectively referred

to as the “Fidelity Settlement”); (iv) Archview Fund L.P (and its predecessor entity, Archview Credit Opportunities Fund L.P.); and (v) Archview Master Fund Ltd. (and its predecessor entity, Archview Credit Opportunities Master Fund Ltd.) (the entities listed in subsections (iv) – (v) are collectively referred to as “Archview,” and the agreement to settle claims with Archview is collectively referred to as the “Archview Settlement”).

At the end of June, Delaware Lead Counsel and counsel for Defendants commenced more intensive settlement discussions.

In July 2012, counsel in the *Garofalo* Action separately initiated settlement discussions with counsel for Defendants, to which counsel for Defendants did not respond substantively.

In July 2012 and August 2012, Delaware Lead Counsel negotiated with counsel for plaintiffs in the *Sullivan* Action, *Garofalo* Action and *Smutek* Action concerning a potential resolution of their actions.

On August 10, 2012, at the conclusion of the negotiations between counsel for Defendants and Delaware Lead Counsel, the parties to all the actions identified above reached a comprehensive agreement in principle providing for the settlement of the actions.

Those extensive negotiations and discussions led to the execution of a Stipulation and Agreement of Compromise, Settlement and Release (with the exhibits thereto, the “Stipulation”) on October 8, 2012 for the settlement of the Consolidated Action, *Sullivan* Action and *Garofalo* Action (collectively, the “Actions”), and the execution of a stipulation to be filed with the Delaware District Court for the settlement of the *Smutek* Action.

In deciding to pursue a settlement, Delaware Lead Counsel specifically evaluated the claims brought on behalf of stockholders who did not participate in the Exchange Offer, and concluded, after discussion with their financial advisor, that stockholders who did not participate in the Exchange Offer were not damaged as a result of the Exchange Offer.

Counsel for plaintiff in the *Garofalo* Action have represented that they performed a damages analysis with their in-house expert, who evaluated the tendering stockholders' claims asserted in the Actions and the potential settlement.

On _____, the Court entered a scheduling order providing for, among other things, the scheduling of the Settlement Hearing; the temporary certification, for settlement purposes only, of the non opt-out Class; a stay of the Consolidated Action pending a hearing on the proposed Settlement; and an injunction against the commencement or prosecution of any action by any member of the Class asserting any of the Settled Claims (as defined below) subject to the Settlement of the Consolidated Action.

Reasons for the Settlement

Plaintiffs and Delaware Lead Counsel have concluded that a settlement of the Settled Claims (as defined below), based upon the terms contained in the Stipulation, is preferable to continued litigation. On the basis of information available to them, including publicly available information, the discovery described herein, and consultations with independent financial advisors, and, in consideration of the strengths and weaknesses of their claims, Delaware Lead Counsel has determined that the Settlement described herein is fair, reasonable, adequate and in the best interests of the Class.

Each of the Defendants has denied, and continues to deny, all allegations of wrongdoing, fault, liability or damage to Plaintiffs and the Class and otherwise deny that they engaged in any wrongdoing or committed any violation of law or breach of duty and believe that they acted properly at all times, but wish to settle the Consolidated Action on the terms and conditions stated in the Stipulation in order to eliminate the burden and expense of further litigation and to put the Settled Claims (as defined below) to be released to rest finally and forever.

Settlement Terms

In consideration for the full settlement and release of all Settled Claims (as defined below) against all Released Persons (as defined below) and the dismissal with prejudice of the Actions, Defendants will cause to be paid to the Class a total settlement payment of \$9,231,303 (the "Settlement Payment"), which shall be deposited into an account to be designated by Delaware Lead Counsel within ten (10) business days of the Effective Date (as defined below).

1,678,834 shares of Class A Common Stock were tendered into the Exchange Offer by members of the Class. If you participated in the Exchange Offer, you are entitled to a financial award, which would be paid out of the Settlement Payment. The Settlement Payment, less any court-approved fees, expenses and compensatory awards, will be distributed pro rata to the 1,678,834 shares. Thus, to estimate your recovery, you will need to divide the number of shares you tendered by the total number of shares tendered by the Class members (1,678,834), and multiply the result by the Settlement Payment, net of fees, expenses and compensatory awards. If you did not participate in the Exchange Offer, you are not entitled to a financial award from the Settlement Payment.

The Settlement is conditioned upon, and effective upon, the fulfillment of each of the following (the "Effective Date"):

(i) the Settlement becoming final ("Final Approval") upon the completion of: (a) negotiation and execution of the Stipulation and any related documentation; (b) approval of the Settlement, entry of the Order and Final Judgment, and dismissal with prejudice of the Consolidated Action in substantially the form attached to the Stipulation, without the award of any damages, costs, or fees, except as specifically provided in the Stipulation and approved by the Delaware Chancery Court; (c) the inclusion in the Order and Final Judgment of a provision enjoining all members of the Class (which includes plaintiffs in the *Sullivan* Action and *Garofalo* Action) from asserting any of the Settled Claims (as defined below); and (d) such Order and Final Judgment is either finally affirmed on appeal, or is not subject to appeal (or further appeal) by lapse of time or otherwise;

(ii) dismissal with prejudice of the *Sullivan* Action and *Garofalo* Action, which dismissals are finally affirmed on appeal, or are not subject to appeal (or further appeal) by lapse of time or otherwise; and

(iii) negotiation and execution of the settlement stipulation in the *Smutek* Action and any related documentation, approval of the settlement in the *Smutek* Action by the Delaware District Court, entry of an order and final judgment in the *Smutek* Action, which order and final judgment is either finally affirmed on appeal, or is not subject to appeal (or further appeal) by lapse of time or otherwise, and dismissal with prejudice of the *Smutek* Action.

The Settlement Hearing

The Settlement Hearing shall be held on _____, 2012 at _____ m., by the Court in the Delaware Court of Chancery, New Castle County Courthouse, 500 North King Street, Wilmington, Delaware 19801 to: (i) determine whether the Class as defined above should be certified; (ii) determine whether the Settlement should be approved by the Court as fair, reasonable, adequate and in the best interests of the Class; (iii) determine whether an Order and Final Judgment should be entered pursuant to the Stipulation, dismissing the Consolidated Action; (iv) determine whether Plaintiffs and Delaware Lead Counsel have adequately represented the Class; (v) consider the Fee Application; (vi) consider any objections to the proposed Settlement or Fee Application; and (vii) rule on such other matters as the Court may deem appropriate.

The Court has reserved the right to adjourn the Settlement Hearing or any adjournment thereof, including the consideration of the Fee Application, without further notice of any kind other than oral announcement at the Settlement Hearing or any adjournment thereof.

The Court has reserved the right to approve the proposed Settlement at or after the Settlement Hearing with such modification(s) as may be consented to by the parties to the Stipulation and without further notice to the Class.

Right To Appear and Object

Any member of the Class who objects to the proposed Settlement, the Order and Final Judgment to be entered in the Consolidated Action, and/or the Fee Application, or who otherwise wishes to be heard, may appear in person or by such member's attorney at the Settlement Hearing and present evidence or argument that may be proper and relevant; *provided, however*, that, except by Order of the Court for good cause shown, no person or entity shall be heard and no papers, briefs, pleadings or other documents submitted by any person or entity shall be considered by the Court unless not later than ten (10) business days prior to the Settlement Hearing such person or entity files with the Register in Chancery and serves upon counsel listed below: (i) a written notice of intention to appear, identifying the name, address and telephone number of the objector and, if represented, the objector's counsel; (ii) a signed written statement by the objector of such objector's objections to any matters before the Court; (iii) the grounds for such objections and the reasons that such objector desires to appear and be heard; (iv) proof of membership in the Class, including a listing of all transactions in Revlon Class A Common Stock between and including August 10, 2009 and October 8, 2009; and (v) all documents and writings such objector desires the Court to consider. Such filings shall be served upon the following counsel:

Robert J. Katzenstein
David A. Jenkins

Smith Katzenstein & Jenkins, LLP
800 Delaware Avenue
Suite 1000
Wilmington, Delaware 19801

William Savitt
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019

Thomas J. Allingham II
Alyssa S. O'Connell
Skadden, Arps, Slate, Meagher & Flom LLP
One Rodney Square
P.O. Box 636
Wilmington, Delaware 19899

Lawrence Zweifach
Marshall R. King
Gibson, Dunn & Crutcher LLP
200 Park Avenue, 47th Floor
New York, New York 10166

Such papers must also be filed with the Register in Chancery, Delaware Court of Chancery, 500 North King Street, Wilmington, Delaware 19801.

Unless the Court otherwise directs, no person or entity shall be entitled to object to the approval of the Settlement, any judgment entered thereon, the adequacy of the representation of the Class by Plaintiffs and Delaware Lead Counsel, any award of attorneys' fees and expenses, or otherwise be heard, except by serving and filing a written objection and supporting papers and documents as prescribed above. Any person or entity who fails to object in the manner described above shall be deemed to have waived the right to object (including any right of appeal) and shall be forever barred from raising such objection in the Consolidated Action or any other action or proceeding. Any member of the Class who does not object to the Settlement or the request by Delaware Lead Counsel for an award of attorneys' fees and expenses (as described below) or to any other matter stated above need not do anything.

The Order and Final Judgment

If the Court determines that the Settlement, as provided for in the Stipulation, is fair, reasonable, adequate and in the best interests of the Class, the parties to the Consolidated Action will ask the Court to enter the Order and Final Judgment, which will, among other things:

- i. approve the Settlement as fair, reasonable, adequate and in the best interests of the Class and direct consummation of the Settlement in accordance with its terms and conditions;
- ii. certify the Class as a non opt-out class pursuant to Delaware Court of Chancery Rules 23(a), 23(b)(1) and 23(b)(2) and designate Plaintiffs in the Consolidated Action as the Class representatives with Delaware Lead Counsel as Class counsel;
- iii. determine that the requirements of the rules of the Court and due process have been satisfied in connection with this Notice;
- iv. dismiss the Consolidated Action with prejudice on the merits and grant the releases more fully described below in accordance with the terms and conditions of the Stipulation;
- v. permanently bar and enjoin Plaintiffs and all members of the Class from instituting, commencing or prosecuting any of the Settled Claims (as defined below against any of the Released Persons (as defined below); and
- vi. award attorneys' fees and expenses to Delaware Lead Counsel in the Consolidated Action on behalf of all plaintiffs' counsel in the Actions.

Releases

The parties have submitted the Settlement to the Court for approval. The Stipulation provides that upon approval of the Settlement and in consideration of the benefits provided by the Settlement:

(i) The Order and Final Judgment shall, among other things, provide for the full and complete dismissal of the Consolidated Action with prejudice, and the settlement and release of, and a permanent injunction barring, any claims, demands, rights, actions, causes of action, liabilities, damages, losses, obligations, judgments, duties, suits, costs, expenses, matters and issues, known or unknown, contingent or absolute, suspected or unsuspected, disclosed or undisclosed, liquidated or unliquidated, matured or unmatured, accrued or unaccrued, apparent or unapparent, that have been, could have been, or in the future can or might be asserted in any court, tribunal or proceeding (including, but not limited to, any claims arising under federal, state, foreign or common law, including the federal securities laws and any state disclosure law), by or on behalf of plaintiffs in the Consolidated Action or any member of the Class, whether individual, direct, class, derivative (on behalf of Revlon or otherwise), representative, legal, equitable, or any other type or in any other capacity (collectively, the “Releasing Persons”) against Defendants, Wolfe, Santagati, or any of their respective families, parent entities, controlling persons, associates, affiliates or subsidiaries and each and all of their respective past or present officers, directors, stockholders, principals, representatives, employees, attorneys, financial or investment advisors, consultants, accountants, investment bankers, commercial bankers, entities providing fairness opinions, underwriters, advisors or agents, heirs, executors, trustees, general or limited partners or partnerships, limited liability companies, members, joint ventures, personal or legal representatives, estates, administrators, predecessors, successors and assigns (collectively, the “Released Persons”) which the Releasing Persons ever had, now have, or may have by reason of, arising out of, relating to, or in connection with the acts, events, facts, matters, transactions, occurrences, statements, or representations, or any other matter whatsoever set forth in or otherwise related, directly or indirectly, to the allegations in the Actions, the complaints and amended complaints in the Actions, the Proposal, the Exchange Offer and other transactions

contemplated therein, disclosures made in connection therewith (including the adequacy and completeness of such disclosures), any disclosure of the Company's actual, projected or estimated financial results for the third quarter 2009, or any other disclosure made by Revlon from the date of the Proposal through the date Revlon announced its financial results for the third quarter 2009 (including the adequacy and completeness of such disclosures) (the "Settled Claims"); *provided, however*, that the Settled Claims shall not release any claims to enforce the Settlement.

(ii) The Order and Final Judgment shall bar and release any and all claims, known or unknown, for damages, injunctive relief, or any other remedies against plaintiffs in the Consolidated Action or any member of the Class, their attorneys or agents based upon, arising from, or related to prosecution and/or settlement of the Actions.

(iii) These releases shall extend to all claims that Releasing Persons do not know or suspect to exist at the time of the release of the Settled Claims, which, if known, might have affected the Releasing Persons' decisions to enter into the releases or the Settlement. Additionally, plaintiffs in the Actions acknowledge, and the members of the Class by operation of law shall be deemed to have acknowledged, that they may discover facts in addition to or different from those now known or believed to be true by them with respect to the Settled Claims, but that it is the intention of plaintiffs in the Actions, and by operation of law the intention of the members of the Class, to completely, fully, finally and forever compromise, settle, release, discharge, extinguish, and dismiss any and all Settled Claims, known or unknown, suspected or unsuspected, contingent or absolute, accrued or unaccrued, apparent or unapparent, which now exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery of additional or different facts. Plaintiffs in the Actions acknowledge, and the members of the Class by operation of law shall be deemed to have acknowledged, that

“Unknown Claims” are expressly included in the definition of “Settled Claims,” and that such inclusion was expressly bargained for and was a key element of the Settlement and was relied upon by each and all of the Released Persons in entering into the Stipulation. “Unknown Claims” means any claim that plaintiffs in the Actions or any member of the Class does not know or suspect exists in his, her or its favor at the time of the release of the Settled Claims as against the Released Persons, including, without limitation, those which, if known, might have affected the decision to enter into the Settlement. With respect to any of the Settled Claims, the parties stipulate and agree that upon Final Approval of the Settlement (as defined above), plaintiffs in the Actions shall expressly and each member of the Class shall be deemed to have, and by operation of the Order and Final Judgment by the Delaware Chancery Court shall have, expressly waived, relinquished and released any and all provisions, rights and benefits conferred by or under Cal. Civ. Code § 1542 or any law of the United States or any state of the United States or territory of the United States, or principle of common law, which is similar, comparable or equivalent to Cal. Civ. Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Sullivan Action and Garofalo Action

Counsel for plaintiffs in the *Sullivan* Action and *Garofalo* Action shall seek dismissal with prejudice of the *Sullivan* Action and *Garofalo* Action within three (3) business days of the date of Final Approval of the Settlement (as defined above).

Application for Attorneys’ Fees and Expenses

Delaware Lead Counsel, on behalf of all counsel for plaintiffs in the Actions, intends to apply to the Delaware Chancery Court for an award of attorneys’ fees and expenses for the

benefit obtained on behalf of the Class, and the Fidelity Settlement and the Archview Settlement. Defendants reserve the right to oppose the award of attorneys' fees and expenses based on such application, except that Defendants will not base any opposition to the award of fees and expenses based on the Fidelity Settlement and Archview Settlement on the ground that Fidelity and Archview are not members of the Class as defined herein. The award of attorneys' fees and expenses to any plaintiffs' counsel in the Actions is expressly contingent upon all of the conditions comprising the Effective Date (as defined above) being met. Delaware Lead Counsel also intends to seek compensatory awards for certain of the plaintiffs. Payment of attorneys' fees and expenses, and any compensatory awards, will be made within ten (10) business days of the Effective Date (as defined above). Any amounts of attorneys' fees and expenses and/or compensatory awards for plaintiffs that are awarded by the Delaware Chancery Court on the basis of the benefit represented by the Settlement Payment shall be paid exclusively from the Settlement Payment. While plaintiffs and their counsel will be seeking fees from Fidelity and Archview for the benefits they believe they have achieved in connection with, respectively, the Fidelity Settlement and the Archview Settlement, they expressly acknowledge that they will not seek from Defendants, directly or indirectly, payment of any fees awarded by the Delaware Chancery Court on the basis of the purported benefits represented by the Fidelity Settlement and the Archview Settlement, that they will seek payment of any such fees only from Fidelity and Archview, that Defendants shall not be liable to plaintiffs or their counsel for any such fee award, and that plaintiffs in the Actions and their counsel expressly waive any right to receive such fees from Defendants. For avoidance of doubt, any efforts by plaintiffs and their counsel to obtain fees from Fidelity and Archview shall not be deemed to be seeking or receiving from Defendants the direct or indirect payment of fees. Except as provided in the Stipulation, Defendants shall bear no other expenses, costs, damages or fees incurred by plaintiffs in any of

the Actions, by any member of the Class, or any of their respective attorneys, experts, advisors, agents, or representatives. Delaware Lead Counsel's application for an award of attorneys' fees and expenses, and any compensatory award for plaintiffs in any of the Actions, will be the exclusive application for any such fees, expenses and awards, and counsel for plaintiffs in the *Sullivan* Action and *Garofalo* Action will not make separate applications for any attorneys' fees and expenses, or compensatory awards for plaintiffs in the Consolidated Action, *Sullivan* Action or *Garofalo* Action. Defendants shall have no responsibility for, or liability with respect to, the allocation among any counsel for any plaintiff of any award of attorneys' fees and expenses that the Delaware Chancery Court may make, and Defendants take no position with respect to such matters. Any disputes among counsel for any plaintiff with respect to the allocation of any award of attorneys' fees and expenses shall be made to the Delaware Chancery Court.

Any failure of the Delaware Chancery Court to approve a request for attorneys' fees and expenses in whole or in part shall not affect the remainder of the Settlement.

Notice to Persons or Entities That Held Ownership on Behalf of Others

Brokerage firms, banks and/or other persons or entities that are members of the Class in their capacities as record holders, but not as beneficial holders, are requested to promptly send this Notice to all of their respective beneficial holders. If additional copies of this Notice are needed for forwarding to such beneficial holders, any requests for such copies or provision of a list of names and mailing addresses of beneficial holders may be made to:

[Notice Administrator's Name And Contact Information To Be Inserted]

Scope of this Notice and Additional Information

The foregoing description of the Settlement Hearing, the Consolidated Action, the terms of the proposed Settlement and other matters described herein do not purport to be comprehensive. For a more detailed statement of the Settlement, you may review a copy of the

Stipulation on file with the Register in Chancery, Delaware Court of Chancery, 500 North King Street, Wilmington, Delaware 19801 during regular business hours or contact Delaware Lead Counsel as follows:

Robert J. Katzenstein
David A. Jenkins
Smith Katzenstein & Jenkins, LLP
800 Delaware Avenue
Suite 1000
Wilmington, Delaware 19801
(302) 652-8400

For a more detailed statement of the matters involved in these proceedings, you may also review the files at the Register in Chancery during regular business hours or contact Delaware Lead Counsel. **PLEASE DO NOT WRITE OR CALL THE COURT OR REGISTER IN CHANCERY.** Inquiries or comments about the Settlement may be directed to the attention of Delaware Lead Counsel.

Dated: _____, 2012

BY ORDER OF THE COURT

/s/ _____

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE REVLON, INC.
SHAREHOLDERS LITIGATION

Consol. C.A. No. 4578-VCL

ORDER AND FINAL JUDGMENT

The Stipulation and Agreement of Compromise, Settlement and Release, dated October 8, 2012 (with exhibits thereto, the “Stipulation”), of the above consolidated class action (the “Consolidated Action”), and the settlement contemplated thereby (the “Settlement”) having been presented at the settlement hearing on (the “Settlement Hearing”), pursuant to the scheduling order entered in the Consolidated Action on (the “Scheduling Order”), which Stipulation was entered into by plaintiffs in the Consolidated Action, through plaintiffs’ Delaware Lead Counsel (as identified in Paragraph 4(v) below) and by defendants Ronald O. Perelman, Barry F. Schwartz, David L. Kennedy, Alan T. Ennis, Alan S. Bernikow, Paul J. Bohan, Meyer Feldberg, Ann D. Jordan, Debra L. Lee, Tamara Mellon, Kathi P. Seifert, Revlon, Inc. (“Revlon” or the “Company”), and MacAndrews & Forbes Holdings Inc. (“MacAndrews & Forbes”) (collectively, “Defendants” and, together with plaintiffs, the “Parties”), through their counsel; and the Delaware Court of Chancery (the “Court”) having determined that notice of said hearing was given to the Class (as defined in Paragraph 4(iv) below) in accordance with the Scheduling Order and that said notice was adequate and sufficient; and the Parties having appeared by their attorneys of record; and the attorneys for the respective Parties having been heard in support of the Settlement of the Consolidated Action, and an opportunity to be heard having been given to all other persons or entities desiring to be heard as provided in the Notice (as defined in Paragraph 1 below); and the entire matter of the Settlement having been considered by the Court;

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, this day of , 2012 as follows:

1. This Order and Final Judgment incorporates and makes part hereof: (i) the Stipulation filed with the Court on , 2012; and (ii) the Notice of Pendency of Class Action, Proposed Settlement of Class Action, Settlement Hearing and Right to Appear (the "Notice") filed with the Court on , 2012.

2. This Order and Final Judgment incorporates by reference the definitions in the Stipulation, and unless defined herein, capitalized words and terms shall have the same meaning as they have in the Stipulation.

3. The Notice has been given to the Class (as defined in Paragraph 4(iv) below) pursuant to and in the manner directed by the Scheduling Order, proof of the mailing and posting of the Notice has been filed with the Court and a full opportunity to be heard has been offered to all parties to the Consolidated Action, the Class and persons and/or entities in interest. The form and method of the Notice (i) constituted the best notice practicable under the circumstances to apprise members of the Class of the pendency of the Consolidated Action, of the effect of the proposed Settlement (including the nature and scope of the releases contained therein) and of their rights to object to the proposed Settlement and appear at the Settlement Hearing; (ii) constituted due, adequate and sufficient notice to all persons and entities entitled to receive notice of the Settlement; and (iii) satisfied the requirements of the United States Constitution (including the Due Process Clause), Delaware Court of Chancery Rule 23 and all other applicable law and rules. It is determined that all members of the Class are bound by this Order and Final Judgment herein.

4. The Court hereby finds, pursuant to Delaware Court of Chancery Rule 23, as follows:

(i) that (a) the Class, as defined below, is so numerous that joinder of all members is impracticable; (b) there are questions of law and fact common to the Class; (c) the claims of plaintiffs Edward S. Gutman and Lawrence Corneck (“Plaintiffs”) are typical of the claims of the Class; (d) Plaintiffs and Delaware Lead Counsel (as identified below) have fairly and adequately protected the interests of the Class; (e) the prosecution of separate actions by individual members of the Class would create a risk of inconsistent adjudications, which would establish incompatible standards of conduct for Defendants and, as a practical matter, the disposition of the Consolidated Action would influence the disposition of any pending or future identical cases brought by other members of the Class; and (f) Defendants have allegedly acted or refused to act on grounds generally applicable to the Class, thereby making appropriate final relief with respect to the Class as a whole;

(ii) that the requirements of Delaware Court of Chancery Rule 23 have been satisfied;

(iii) that the requirements of the Delaware Court of Chancery Rules and due process have been satisfied in connection with the Notice;

(iv) that the Consolidated Action is a proper class action pursuant to Delaware Court of Chancery Rules 23(a), 23(b)(1) and 23(b)(2), and is hereby certified as a non opt-out Class consisting of record and beneficial holders of Revlon Class A Common Stock, their respective successors in interest, successors, predecessors in

interest, predecessors, representatives, trustees, executors, administrators, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them, together with their predecessors and successors and assigns, who held shares of Revlon Class A Common Stock at any time between and including August 10, 2009 and October 8, 2009, including, but not limited to, stockholders who tendered shares in the Exchange Offer, but excluding: (i) Fidelity Management & Research Company (“FMR Co.”) and its investment advisory affiliates, all of which are direct or indirect subsidiaries of FMR LLC, which at the time of the Exchange Offer was the largest unaffiliated Revlon stockholder; (ii) the following funds advised by FMR Co. or its investment advisory affiliates: (a) Fidelity Securities Fund: Leveraged Company Stock Fund; (b) Fidelity Advisor Series I: Advisor Leveraged Company Stock Fund; and (c) Fidelity Advisor High Yield Portfolio; (iii) the following institutional client accounts or funds that are advised by an investment advisory affiliate of FMR Co.: (a) Fidelity Canadian Balanced Fund – High Yield Bond Subaccount; (b) Pension Reserve Investment Management Board of Massachusetts High Yield Bond Account; (c) General Motors Hourly-Rate Employees Pension Trust 7N1J (Successor In Interest); and (d) General Motors Salaried Employees Pension Trust 7N1L (Successor In Interest); (iv) Archview Fund L.P (and its predecessor entity, Archview Credit Opportunities Fund L.P.); (v) Archview Master Fund Ltd. (and its predecessor entity, Archview Credit Opportunities Master Fund Ltd.); and (vi) Defendants, any Revlon officers and directors identified in Revlon’s 2009 Annual Report who would otherwise be part of the class, and members of MacAndrews & Forbes management who participated in the Exchange Offer (the “Class”); and

(v) that Plaintiffs are hereby certified as the Class representatives, and Smith Katzenstein & Jenkins, LLP, Harwood Feffer LLP, and the Law Offices of Curtis V. Trinko, LLP are certified as Class Delaware Lead Counsel.

5. The Settlement is found to be fair, reasonable, adequate and in the best interests of the Class, and it is hereby approved in all respects (including the releases contained in the Stipulation and the dismissal with prejudice of any and all Settled Claims as defined in Paragraph 8 below against each and every one of the Released Persons as defined in Paragraph 8 below). The Parties are hereby authorized and directed to comply with and to consummate the Settlement in accordance with its terms and provisions, and the Register in Chancery is directed to enter and docket this Order and Final Judgment in the Consolidated Action.

6. The Consolidated Action is hereby dismissed with prejudice in its entirety as to Defendants and against Plaintiffs and all other members of the Class on the merits and, except as provided herein, without costs.

7. The terms of the Stipulation and this Order and Final Judgment shall forever be binding on Plaintiffs, members of the Class and Released Persons (as defined in Paragraph 8 below) and their counsel.

8. The Court hereby dismisses the Consolidated Action with prejudice, and orders the settlement and release of, and a permanent injunction barring, any claims, demands, rights, actions, causes of action, liabilities, damages, losses, obligations, judgments, duties, suits, costs, expenses, matters and issues, known or unknown, contingent or absolute, suspected or unsuspected, disclosed or undisclosed, liquidated or unliquidated, matured or unmatured, accrued or unaccrued, apparent or unapparent, that have been, could have been, or in the future can or might be asserted in any court, tribunal or proceeding (including, but not limited to, any claims arising under federal,

state, foreign or common law, including the federal securities laws and any state disclosure law), by or on behalf of plaintiffs in the Consolidated Action or any member of the Class, whether individual, direct, class, derivative (on behalf of Revlon or otherwise), representative, legal, equitable, or any other type or in any other capacity (collectively, the "Releasing Persons") against Defendants, Wolfe, Santagati, or any of their respective families, parent entities, controlling persons, associates, affiliates or subsidiaries and each and all of their respective past or present officers, directors, stockholders, principals, representatives, employees, attorneys, financial or investment advisors, consultants, accountants, investment bankers, commercial bankers, entities providing fairness opinions, underwriters, advisors or agents, heirs, executors, trustees, general or limited partners or partnerships, limited liability companies, members, joint ventures, personal or legal representatives, estates, administrators, predecessors, successors and assigns (collectively, the "Released Persons") which the Releasing Persons ever had, now have, or may have by reason of, arising out of, relating to, or in connection with the acts, events, facts, matters, transactions, occurrences, statements, or representations, or any other matter whatsoever set forth in or otherwise related, directly or indirectly, to the allegations in the Actions, the complaints and amended complaints in the Actions, the Proposal, the Exchange Offer and other transactions contemplated therein, disclosures made in connection therewith (including the adequacy and completeness of such disclosures), any disclosure of the Company's actual, projected or estimated financial results for the third quarter 2009, or any other disclosure made by Revlon from the date of the Proposal through the date Revlon announced its financial results for the third quarter 2009 (including the adequacy and completeness of such disclosures) (the "Settled Claims"); *provided, however*, that the Settled Claims shall not release any claims to enforce the Settlement.

9. The Court further bars and releases any and all claims, known or unknown, for damages, injunctive relief, or any other remedies against plaintiffs in the Consolidated Action or any member of the Class, their attorneys or agents based upon, arising from, or related to prosecution and/or settlement of the Actions.

10. The releases described in Paragraphs 8 and 9 above shall extend to all claims that Releasing Persons do not know or suspect to exist at the time of the release of the Settled Claims, which, if known, might have affected the Releasing Persons' decisions to enter into the releases or the Settlement. Additionally, plaintiffs in the Actions acknowledge, and the members of the Class by operation of law shall be deemed to have acknowledged, that they may discover facts in addition to or different from those now known or believed to be true by them with respect to the Settled Claims, but that it is the intention of plaintiffs in the Actions, and by operation of law the intention of the members of the Class, to completely, fully, finally and forever compromise, settle, release, discharge, extinguish, and dismiss any and all Settled Claims, known or unknown, suspected or unsuspected, contingent or absolute, accrued or unaccrued, apparent or unapparent, which now exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery of additional or different facts. Plaintiffs in the Actions acknowledge, and the members of the Class by operation of law shall be deemed to have acknowledged, that "Unknown Claims" are expressly included in the definition of "Settled Claims," and that such inclusion was expressly bargained for and was a key element of the Settlement and was relied upon by each and all of the Released Persons in entering into the Stipulation. "Unknown Claims" means any claim that

plaintiffs in the Actions or any member of the Class does not know or suspect exists in his, her or its favor at the time of the release of the Settled Claims as against the Released Persons, including, without limitation, those which, if known, might have affected the decision to enter into the Settlement. With respect to any of the Settled Claims, the parties stipulate and agree that upon Final Approval of the Settlement, plaintiffs in the Actions shall expressly and each member of the Class shall be deemed to have, and by operation of this Order and Final Judgment by the Court shall have, expressly waived, relinquished and released any and all provisions, rights and benefits conferred by or under Cal. Civ. Code § 1542 or any law of the United States or any state of the United States or territory of the United States, or principle of common law, which is similar, comparable or equivalent to Cal. Civ. Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

11. Neither the Stipulation nor the Settlement contained therein, nor any act performed or document executed pursuant to, or in furtherance of, the Settlement: (i) is or may be deemed to be or may be used as an admission of, or evidence of, the validity or lack thereof of any Settled Claim, or of any wrongdoing or liability of Defendants; or (ii) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or omission of any of the Defendants in any proceeding of any nature. Nothing in this Order and Final Judgment shall preclude any action to enforce the terms of the Stipulation or this Order and Final Judgment. Defendants may file, cite and/or refer to the Stipulation and/or this Order and Final Judgment in related litigation as evidence of

the Settlement, or in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

12. All agreements made and orders entered during the course of the Consolidated Action relating to the confidentiality of information shall survive this Order and Final Judgment.

13. Without affecting the finality of this Order and Final Judgment, jurisdiction is hereby retained by this Court for the purpose of protecting and implementing the Stipulation and the terms of this Order and Final Judgment, including the resolution of any disputes that may arise with respect to the effectuation of any of the provisions of the Stipulation, and for the entry of such further orders as may be necessary or appropriate in administering and implementing the terms and provisions of the Settlement and this Order and Final Judgment.

14. Delaware Lead Counsel is hereby awarded attorneys' fees in the amount of \$ _____, inclusive of expenses, which amount the Court finds to be fair and reasonable and which shall be paid to Delaware Lead Counsel on behalf of all plaintiffs' counsel in the Actions in accordance with the terms and conditions of the Stipulation.

Vice Chancellor Laster

WHEREAS, on August 10, 2009, the Company launched a voluntary exchange offer (the “Exchange Offer”);

WHEREAS, following amendments to the terms of the Exchange Offer, the final date on which tenders of Revlon Class A Common Stock could be made was October 7, 2009;

WHEREAS, on October 8, 2009, the Company consummated the Exchange Offer;

WHEREAS, pursuant to the Exchange Offer, Revlon issued to stockholders who elected to tender shares into the Exchange Offer 9,336,905 shares of its newly issued Series A Preferred Stock in exchange for the same number of shares of Revlon Class A Common Stock tendered in the Exchange Offer;

WHEREAS, on October 29, 2009, Revlon announced its third quarter results for the fiscal quarter ended September 30, 2009;

WHEREAS, on December 24, 2009, Plaintiff filed an amended complaint on behalf of stockholders that participated in the Exchange Offer, alleging, among other things, that information regarding the Company’s financial results for the third quarter 2009 should have been disclosed in the Exchange Offer materials;

WHEREAS, other purported class actions stemming from the Exchange Offer and alleged failure to disclose information in the Exchange Offer materials about the Company’s financial results for the third quarter 2009 were filed in the Delaware Court of Chancery (the “Delaware Chancery Court”) under the consolidated caption *In re Revlon, Inc. Shareholders Litigation*, C.A. No. 4578-VCL (Del. Ch.) (the “Consolidated Action”), and in the United States District Court for the District of Delaware (the “Delaware District Court”) under the caption *Garofalo v. Revlon, Inc., et al.*, C.A. No. 1:09-CV-01008-GMS (D. Del.) (the “Garofalo Action”) (the Consolidated Action, *Garofalo* Action and *Sullivan* Action are collectively referred to as the “Actions”);

WHEREAS, a derivative action was also filed in the Delaware District Court under the caption *Smutek v. Perelman, et al.*, No. 1:10-CV-00392-GMS (D. Del.);

WHEREAS, by agreement of the parties, Plaintiff has had the opportunity to participate in the merits discovery proceeding in the Consolidated Action;

WHEREAS, on August 10, 2012, at the conclusion of negotiations, the parties to all the actions identified above reached a comprehensive agreement in principle providing for the settlement of the actions on the terms and conditions set forth in a stipulation filed with the Delaware Chancery Court and a stipulation filed with the Delaware District Court (the "Settlement");

WHEREAS, the stipulation filed with the Delaware Chancery Court (the "Consolidated Action Stipulation") provided for the certification of a class of record and beneficial holders of Revlon Class A Common Stock, their respective successors in interest, successors, predecessors in interest, predecessors, representatives, trustees, executors, administrators, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them, together with their predecessors and successors and assigns, who held shares of Revlon Class A Common Stock at any time between and including August 10, 2009 and October 8, 2009, including, but not limited to, stockholders who tendered shares in the Exchange Offer, but excluding: (i) Fidelity Management & Research Company ("FMR Co.") and its investment advisory affiliates, all of which are direct or indirect subsidiaries of FMR LLC, which at the time of the Exchange Offer was the largest unaffiliated Revlon stockholder; (ii) the following funds advised by FMR Co. or its investment advisory affiliates: (a) Fidelity Securities Fund: Leveraged Company Stock Fund; (b) Fidelity Advisor Series I: Advisor Leveraged Company Stock Fund; and (c) Fidelity Advisor High Yield Portfolio; (iii) the following institutional client accounts or funds that are advised by an

investment advisory affiliate of FMR Co.: (a) Fidelity Canadian Balanced Fund – High Yield Bond Subaccount; (b) Pension Reserve Investment Management Board of Massachusetts High Yield Bond Account; (c) General Motors Hourly-Rate Employees Pension Trust 7N1J (Successor In Interest); and (d) General Motors Salaried Employees Pension Trust 7N1L (Successor In Interest); (iv) Archview Fund L.P (and its predecessor entity, Archview Credit Opportunities Fund L.P.); (v) Archview Master Fund Ltd. (and its predecessor entity, Archview Credit Opportunities Master Fund Ltd.); and (vi) Defendants, any Revlon officers and directors identified in Revlon’s 2009 Annual Report who would otherwise be part of the class, and members of MacAndrews & Forbes management who participated in the Exchange Offer (the “Class”);

WHEREAS, the Consolidated Action Stipulation provided for the complete release and dismissal with prejudice of, among other things, all claims that were or could have been brought by any member of the Class against Defendants, whether directly or derivatively on behalf of Revlon, relating to or arising out of the Actions, the complaints and amended complaints in the Actions, the Proposal, the Exchange Offer and the transactions contemplated therein, disclosures made in connection therewith (including the adequacy and completeness of such disclosures), any disclosure of the Company’s actual, projected or estimated financial results for the third quarter 2009, or any other disclosure made by Revlon from the date of the Proposal through the date Revlon announced its financial results for the third quarter 2009 (including the adequacy and completeness of such disclosures);

WHEREAS, the Class was provided with notice of the proposed Settlement and a public hearing on the proposed Settlement was held on _____ before the Delaware Chancery Court;

WHEREAS, the Delaware Chancery Court approved the Settlement and the terms of the Consolidated Action Stipulation, dismissed the Consolidated Action with prejudice, and awarded attorneys' fees and expenses in the amount of \$ (the "Judgment");

WHEREAS, the Delaware Chancery Court had jurisdiction to make decisions regarding the Settlement and corresponding award of attorney fees' and expenses in the Actions;

WHEREAS, the Judgment binds all members of the Class, including Plaintiff in the *Sullivan* Action; and

WHEREAS, the Judgment is entitled to full faith and credit, and precludes Plaintiff here from continuing to pursue any of the claims asserted or that could have been asserted in the *Sullivan* Action, whether individually or on a class or derivative basis;

IT IS HEREBY AGREED AND ORDERED:

1. The *Sullivan* Action and all claims asserted or that could have been asserted in it, whether individually or on a class or derivative basis, are hereby dismissed with prejudice as to Plaintiff in the *Sullivan* Action.

2. Defendants shall have no responsibility for, or liability with respect to, the allocation among plaintiffs' counsel in the Actions of the award of fees and expenses. Counsel for Plaintiff in the *Sullivan* Action have expressly waived any right to seek fees and expenses except for those provided in the Consolidated Action Stipulation.

Dated: , 2012

GIBSON, DUNN & CRUTCHER LLP

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*Attorneys for Defendants Bernikow, Bohan, Feldberg, Jordan, Lee, Mellon,
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*Attorneys for Defendants Perelman, Schwartz, and MacAndrews & Forbes
Holdings Inc.*

SO ORDERED this day of , 2012.

BRAGAR EAGEL & SQUIRE, P.C.

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New York, New York 10022
(212) 308-5858

Counsel for Plaintiff in the Sullivan Action

J.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

JOHN GAROFALO, on behalf of himself and
all others similarly situated,)
)

Plaintiff,)
)

v.)

Civil Action No.
1:09-cv-01008-GMS

REVLON, INC., RONALD O. PERELMAN,
MACANDREWS & FORBES HOLDINGS)
)

INC., BARRY F. SCHWARTZ, DAVID L.)
)

KENNEDY, ALAN T. ENNIS, ALAN S.)
)

BERNIKOW, PAUL J. BOHAN, MEYER)
)

FELDBERG, ANN D. JORDAN, DEBRA L.)
)

LEE, TAMARA MELLON, and KATHI P.)
)

SEIFERT,)
)

Defendants.)
)

CLASS ACTION

STIPULATION AND ORDER OF DISMISSAL

This Stipulation and Order of Dismissal (the “Order”) is made and entered into by and between the parties to the above-captioned action (the “*Garofalo* Action”), by and through their respective attorneys, and subject to approval of the Court.

WHEREAS, on August 10, 2009, Revlon, Inc. (“Revlon” or the “Company”) launched a voluntary exchange offer (the “Exchange Offer”);

WHEREAS, following amendments to the terms of the Exchange Offer, the final date on which tenders of Revlon Class A Common Stock could be made was October 7, 2009;

WHEREAS, on October 8, 2009, the Company consummated the Exchange Offer;

WHEREAS, pursuant to the Exchange Offer, Revlon issued to stockholders who elected to tender shares into the Exchange Offer 9,336,905 shares of its newly issued Series A Preferred Stock in exchange for the same number of shares of Revlon Class A Common Stock tendered in the Exchange Offer;

WHEREAS, on October 29, 2009, Revlon announced its third quarter results for the fiscal quarter ended September 30, 2009;

WHEREAS, on December 31, 2009, plaintiff John Garofalo (“Plaintiff”) filed a purported class action on behalf of stockholders that participated in the Exchange Offer, alleging federal and state law claims in connection with the Exchange Offer and alleging that information regarding the Company’s financial results for the third quarter 2009 should have been disclosed in the Exchange Offer materials;

WHEREAS, the *Garofalo* Action was brought against Ronald O. Perelman, Barry F. Schwartz, David L. Kennedy, Alan T. Ennis, Alan S. Bernikow, Paul J. Bohan, Meyer Feldberg, Ann D. Jordan, Debra L. Lee, Tamara Mellon, Kathi P. Seifert, Revlon, and MacAndrews & Forbes Holdings Inc. (collectively, “Defendants”);

WHEREAS, Kenneth L. Wolfe (“Wolfe”) was initially named as a defendant in the *Garofalo* Action, but was later dismissed;

WHEREAS, other purported class actions stemming from the Exchange Offer and alleged failure to disclose information in the Exchange Offer materials about the Company’s financial results for the third quarter 2009 were filed in the Delaware Court of Chancery (the “Delaware Chancery Court”) under the consolidated caption *In re Revlon, Inc. Shareholders Litigation*, C.A. No. 4578-VCL (Del. Ch.) (the “Consolidated Action”), and in the New York State Supreme Court under the caption *Sullivan v. Perelman, et al.*, No. 650257/2009 (N.Y. Sup. Ct.) (the “*Sullivan* Action”) (the Consolidated Action, *Garofalo* Action and *Sullivan* Action are collectively referred to as the “Actions”);

WHEREAS, on March 16, 2010, the Court appointed Berger & Montague, P.C. as lead counsel in the *Garofalo* Action;

WHEREAS, a derivative action was also filed in this Court under the caption *Smutek v. Perelman, et al.*, No. 1:10-CV-00392-GMS (D. Del.);

WHEREAS, on July 29, 2011, Plaintiff filed an amended complaint;

WHEREAS, Wolfe was not named as a defendant in the amended complaint filed in the *Garofalo* Action;

WHEREAS, on January 31, 2012, Defendants filed motions to dismiss the amended complaint in the *Garofalo* Action;

WHEREAS, on March 2, 2012, Plaintiff filed a response opposing Defendants' motions to dismiss, and a motion alternatively seeking leave to amend and file a second amended complaint;

WHEREAS, the motions to dismiss and amend in the *Garofalo* Action are fully briefed and currently pending;

WHEREAS, by agreement of the parties, Plaintiff has participated in the merits discovery proceeding in the Consolidated Action;

WHEREAS, Defendants have produced tens of thousands of documents as part of merits discovery;

WHEREAS, numerous third parties have been subpoenaed and produced documents as part of merits discovery;

WHEREAS, two representatives of Barclays Capital Inc., Revlon directors Debra L. Lee, and Meyer Feldberg, and Wolfe have been deposed;

WHEREAS, on August 10, 2012, at the conclusion of negotiations, the parties to all the actions identified above reached a comprehensive agreement in principle providing for the settlement of the actions on the terms and conditions set forth in a stipulation filed with the Delaware Chancery Court and a stipulation filed with the Court (the "Settlement");

WHEREAS, the stipulation filed with the Delaware Chancery Court (the “Consolidated Action Stipulation”) provided for the certification of a class of record and beneficial holders of Revlon Class A Common Stock, their respective successors in interest, successors, predecessors in interest, predecessors, representatives, trustees, executors, administrators, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them, together with their predecessors and successors and assigns, who held shares of Revlon Class A Common Stock at any time between and including August 10, 2009 and October 8, 2009, including, but not limited to, stockholders who tendered shares in the Exchange Offer, but excluding: (i) Fidelity Management & Research Company (“FMR Co.”) and its investment advisory affiliates, all of which are direct or indirect subsidiaries of FMR LLC, which at the time of the Exchange Offer was the largest unaffiliated Revlon stockholder; (ii) the following funds advised by FMR Co. or its investment advisory affiliates: (a) Fidelity Securities Fund: Leveraged Company Stock Fund; (b) Fidelity Advisor Series I: Advisor Leveraged Company Stock Fund; and (c) Fidelity Advisor High Yield Portfolio; (iii) the following institutional client accounts or funds that are advised by an investment advisory affiliate of FMR Co.: (a) Fidelity Canadian Balanced Fund – High Yield Bond Subaccount; (b) Pension Reserve Investment Management Board of Massachusetts High Yield Bond Account; (c) General Motors Hourly-Rate Employees Pension Trust 7N1J (Successor In Interest); and (d) General Motors Salaried Employees Pension Trust 7N1L (Successor In Interest); (iv) Archview Fund L.P (and its predecessor entity, Archview Credit Opportunities Fund L.P.); (v) Archview Master Fund Ltd. (and its predecessor entity, Archview Credit Opportunities Master Fund Ltd.); and (vi) Defendants, any Revlon officers and directors

identified in Revlon's 2009 Annual Report who would otherwise be part of the class, and members of MacAndrews & Forbes management who participated in the Exchange Offer (the "Class");

WHEREAS, the Consolidated Action Stipulation provided for the complete release and dismissal with prejudice of, among other things, all claims that were or could have been brought by any member of the Class against Defendants, whether directly or derivatively on behalf of Revlon, relating to or arising out of the Actions, the Proposal (as defined in the Consolidated Action Stipulation), the Exchange Offer and the transactions contemplated therein, disclosures made in connection therewith (including the adequacy and completeness of such disclosures), any disclosure of the Company's actual, projected or estimated financial results for the third quarter 2009, or any other disclosure made by Revlon from the date of the Proposal through the date Revlon announced its financial results for the third quarter 2009 (including the adequacy and completeness of such disclosures);

WHEREAS, the Class was provided with notice of the proposed Settlement and a public hearing on the proposed Settlement was held on _____ before the Delaware Chancery Court;

WHEREAS, the Delaware Chancery Court approved the Settlement and the terms of the Consolidated Action Stipulation, dismissed the Consolidated Action with prejudice, and awarded attorneys' fees and expenses in the amount of \$ _____ (the "Judgment");

WHEREAS, the Delaware Chancery Court had jurisdiction to make decisions regarding the Settlement and corresponding award of attorney fees' and expenses in the Actions;

WHEREAS, the Judgment binds all members of the Class, including Plaintiff in the *Garofalo* Action; and

WHEREAS, the Judgment is entitled to full faith and credit, and precludes Plaintiff here from continuing to pursue any of the claims asserted or that could have been asserted in the *Garofalo* Action, whether individually or on a class or derivative basis;

IT IS HEREBY AGREED AND ORDERED:

1. The *Garofalo* Action and all claims asserted or that could have been asserted in it, whether individually or on a class or derivative basis, are hereby dismissed with prejudice as to Plaintiff in the *Garofalo* Action.

2. Defendants shall have no responsibility for, or liability with respect to, the allocation among plaintiffs' counsel in the Actions of the award of fees and expenses. Counsel for Plaintiff in the *Garofalo* Action have expressly waived any right to seek fees and expenses except for those provided in the Consolidated Action Stipulation.

3. All agreements made and orders entered during the course of the *Garofalo* Action relating to the confidentiality of information shall survive this Order.

Dated: , 2012

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SO ORDERED this day of , 2012.

CHIEF JUDGE GREGORY M. SLEET

CERTIFICATIONS

I, Alan T. Ennis, certify that:

1. I have reviewed this quarterly report on Form 10-Q (the "Report") of Revlon, Inc. (the "Registrant");
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
 - (b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
 - (d) Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: October 25, 2012

/s/ Alan T. Ennis

Alan T. Ennis

President and Chief Executive Officer

CERTIFICATIONS

I, Steven Berns, certify that:

1. I have reviewed this quarterly report on Form 10-Q (the "Report") of Revlon, Inc. (the "Registrant");
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
 - (b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
 - (d) Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: October 25, 2012

/s/ Steven Berns

Steven Berns
Executive Vice President and
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Revlon, Inc. (the "Company") for the period ended September 30, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Alan T. Ennis, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Alan T. Ennis

Alan T. Ennis
Chief Executive Officer
October 25, 2012

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Revlon, Inc. (the "Company") for the period ended September 30, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven Berns, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Steven Berns

Steven Berns

Chief Financial Officer

October 25, 2012