

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: March 31, 2004

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)

13-3662955

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

237 Park Avenue, New York, New York

(Address of principal executive offices)

10017

(Zip Code)

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

As of March 31, 2004, 338,177,944 shares of Class A Common Stock and 31,250,000 shares of Class B Common Stock were outstanding. 20,819,333 shares of Class A Common Stock and all of the shares of Class B Common Stock were owned beneficially by REV Holdings LLC, an indirect wholly-owned subsidiary of Mafco Holdings Inc., and 169,171,305 shares of Class A Common Stock were owned beneficially by Mafco Holdings Inc.

Total Pages – 41

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

	<u>March 31,</u> <u>2004</u>	<u>December</u> <u>31,</u> <u>2003</u>
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 53.8	\$ 56.5
Trade receivables, less allowances of \$18.3 and \$19.4, respectively	154.6	182.5
Inventories	151.8	142.7
Prepaid expenses and other	<u>50.7</u>	<u>33.9</u>
Total current assets	410.9	415.6
Property, plant and equipment, net	128.3	132.1
Other assets	159.6	158.4
Goodwill, net	<u>186.1</u>	<u>186.1</u>
Total assets	<u>\$ 884.9</u>	<u>\$ 892.2</u>

LIABILITIES AND STOCKHOLDERS' DEFICIENCY

Current liabilities:		
Short-term borrowings – third parties	\$ 29.8	\$ 28.0
Accounts payable	95.9	97.4
Accrued expenses and other	<u>316.9</u>	<u>321.9</u>
Total current liabilities	442.6	447.3
Long-term debt – third parties	1,103.6	1,723.3
Long-term debt – affiliates	—	146.2
Other long-term liabilities	295.1	301.0
Stockholders' deficiency:		
Preferred stock, par value \$.01 per share; 20,000,000 shares authorized, 0 as of March 31, 2004 and 546 shares as of December 31, 2003 of Series A Preferred Stock issued and outstanding, respectively	—	54.6
Preferred stock, par value \$.01 per share; 20,000,000 shares authorized, 0 as of March 31, 2004 and 4,333 shares as of December 31, 2003 Series B Preferred Stock issued and outstanding, respectively	—	—
Class B Common Stock, par value \$.01 per share; 200,000,000 shares authorized, 31,250,000 issued and outstanding	0.3	0.3

Class A Common Stock, par value \$0.01 per share; 900,000,000 as of March 31, 2004 and 350,000,000 shares as of December 31, 2003 authorized, respectively, and 338,177,944 shares as of March 31, 2004 and 38,208,451 shares as of December 31, 2003 issued and outstanding, respectively	3.4	0.4
Additional paid-in-capital (capital deficiency)	740.3	(139.0)
Accumulated deficit	(1,573.9)	(1,515.7)
Deferred compensation	(3.6)	(4.2)
Accumulated other comprehensive loss	(122.9)	(122.0)
Total stockholders' deficiency	(956.4)	(1,725.6)
Total liabilities and stockholders' deficiency	<u>\$ 884.9</u>	<u>\$ 892.2</u>

See Accompanying Notes to Unaudited Consolidated Condensed Financial Statements.

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

	Three Months Ended	
	March 31,	
	2004	2003
Net sales	\$ 308.4	\$ 292.0
Cost of sales	117.1	111.5
Gross profit	<u>191.3</u>	<u>180.5</u>
Selling, general and administrative expenses	171.9	184.2
Restructuring (benefit) costs	(0.7)	0.5
Operating income (loss)	<u>20.1</u>	<u>(4.2)</u>
Other expenses (income):		
Interest expense	44.6	41.4
Interest income	(1.0)	(0.5)
Amortization of debt issuance costs	2.6	2.0
Foreign currency (gains) losses, net	(1.4)	0.3
Loss on early extinguishment of debt	32.6	—
Miscellaneous, net	0.1	0.4
Other expenses, net	<u>77.5</u>	<u>43.6</u>
Loss before income taxes	(57.4)	(47.8)
Provision for income taxes	0.8	0.9
Net loss	<u>\$ (58.2)</u>	<u>\$ (48.7)</u>
Basic and diluted loss per common share	<u>\$ (0.63)</u>	<u>\$ (0.91)</u>
Weighted average number of common shares outstanding:		
Basic and diluted	<u>92,933,027</u>	<u>53,461,796</u>

See Accompanying Notes to Unaudited Consolidated Condensed Financial Statements.

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REVLON, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED CONDENSED STATEMENTS OF
STOCKHOLDERS' DEFICIENCY AND COMPREHENSIVE LOSS
(dollars in millions)

	Preferred Stock	Common Stock	Additional Paid-In- Capital (Capital Deficiency)	Accumulated Deficit	Deferred Compensation	Accumulated Other Comprehensive Loss (a)	Total Stockholders' Deficiency
Balance, January 1, 2003	\$ 54.6	\$0.5	\$(192.6)	\$(1,361.9)	\$ (6.4)	\$(132.7)	\$(1,638.5)
Amortization of deferred compensation					0.6		0.6
Comprehensive loss:							
Net loss				(48.7)			(48.7)
Currency translation adjustment						2.2	2.2
Net loss on foreign currency forward exchange contracts						(0.4)	(0.4)
Total comprehensive loss						<u>(46.9)</u>	<u>(46.9)</u>
Balance, March 31, 2003	<u>\$ 54.6</u>	<u>\$0.5</u>	<u>\$(192.6)</u>	<u>\$(1,410.6)</u>	<u>\$ (5.8)</u>	<u>\$(130.9)</u>	<u>\$(1,684.8)</u>
Balance, January 1, 2004	\$ 54.6	\$0.7	\$(139.0)	\$(1,515.7)	\$ (4.2)	\$(122.0)	\$(1,725.6)
Debt Reduction Transactions (See Note 10) (b)	(54.6)	3.0	879.3				827.7
Amortization of deferred compensation					0.6		0.6
Comprehensive loss:							
Net loss (See Note 10) (b)				(58.2)			(58.2)
Currency translation adjustment						(1.6)	(1.6)
Net loss on foreign						0.7	0.7

currency forward exchange contracts						
Total comprehensive loss						(59.1)
Balance, March 31, 2004	\$ —	\$ 3.7	\$ 740.3	\$ (1,573.9)	\$ (3.6)	\$ (122.9)
						\$ (956.4)

- (a) Accumulated other comprehensive loss includes net unrealized losses on revaluations of foreign currency forward exchange contracts of \$0.4 and \$0.4 as of March 31, 2004 and 2003, respectively, net realized losses of \$0.3 on foreign currency forward exchange contracts as of March 31, 2004, cumulative net translation losses of \$10.1 and \$16.9 as of March 31, 2004 and 2003, respectively, and adjustments for the minimum pension liability of \$112.1 and \$113.6 as of March 31, 2004 and 2003, respectively.
- (b) The changes in Preferred Stock, Common Stock, Additional Paid-in-Capital (Capital Deficiency) and a portion of Accumulated Deficit are a result of the consummation of the Debt Reduction Transactions. (See Note 10).

See Accompanying Notes to Unaudited Consolidated Condensed Financial Statements.

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

	Three Months Ended March 31,	
	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (58.2)	\$(48.7)
Adjustments to reconcile net loss to net cash (used for) provided by operating activities:		
Depreciation and amortization	27.0	29.6
Debt discount amortization	0.8	0.7
Loss on early extinguishment of debt	32.6	—
Change in assets and liabilities, net of acquisitions and dispositions:		
Decrease in trade receivables	28.4	13.4
Increase in inventories	(9.0)	(21.9)
Increase in prepaid expenses and other current assets	(10.7)	(10.1)
(Decrease) increase in accounts payable	(1.8)	19.7
Decrease in accrued expenses and other current liabilities	(18.8)	(17.9)
Purchase of permanent displays	(20.6)	(21.0)
Other, net	(5.3)	(4.3)
Net cash used for operating activities	<u>(35.6)</u>	<u>(60.5)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(2.7)	(4.7)
Net cash used for investing activities	<u>(2.7)</u>	<u>(4.7)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in short-term borrowings – third parties	1.8	0.7
Proceeds from the issuance of long-term debt – third parties	163.8	16.3
Repayment of long-term debt – third parties	(153.3)	(17.5)
Proceeds from the issuance of long-term debt – affiliates	38.7	15.0
Repayment of long-term debt – affiliates	(15.5)	—
Payment of financing costs	(3.5)	(4.8)
Net cash provided by financing activities	<u>32.0</u>	<u>9.7</u>
Effect of exchange rate changes on cash and cash equivalents	3.6	4.5
Net decrease in cash and cash equivalents	(2.7)	(51.0)
Cash and cash equivalents at beginning of period	56.5	85.8
Cash and cash equivalents at end of period	<u>\$ 53.8</u>	<u>\$ 34.8</u>
<i>Supplemental schedule of cash flow information:</i>		
Cash paid during the period for:		
Interest	\$ 46.5	\$ 42.8
Income taxes, net of refunds	1.9	0.6
<i>Supplemental schedule of noncash investing and financing activities:</i>		
Conversion of long-term debt and accrued interest to Class A Common Stock	\$ 813.8	\$ —
Exchange and conversion of Series A and Series B Preferred Stock to Class A Common Stock	54.6	—

See Accompanying Notes to Unaudited Consolidated Condensed Financial Statements.

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REVLON, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED CONDENSED
FINANCIAL STATEMENTS
(dollars in millions, except per share data)

(1) **Basis of Presentation**

Revlon, Inc. (the "Company") is a holding company, formed in April 1992, that conducts its business exclusively through its direct subsidiary, Revlon Consumer Products Corporation ("Products Corporation"). The Company is a directly and indirectly majority-owned subsidiary of MacAndrews & Forbes Holdings Inc. ("MacAndrews Holdings"), a corporation wholly-owned indirectly through Mafco Holdings Inc. ("Mafco Holdings" and, together with MacAndrews Holdings and their affiliates (other than the Company or its subsidiaries), "MacAndrews & Forbes") by Ronald O. Perelman.

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

The Unaudited Consolidated Condensed Financial Statements include the accounts of the Company after elimination of all material intercompany balances and transactions. The Company has made a number of estimates and assumptions relating to the assets and liabilities, the disclosure of contingent assets and liabilities and the reporting of revenues and expenses to prepare these financial statements in conformity with accounting principles generally accepted in the United States. Actual results could differ from those estimates. The Unaudited Consolidated Condensed Financial Statements should be read in conjunction with the consolidated financial statements and related notes contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

The results of operations and financial position, including working capital, for interim periods are not necessarily indicative of those to be expected for a full year.

Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," encourages, but does not require, companies to record compensation cost for stock-based employee compensation plans at fair value. The Company has chosen to account for stock-based compensation plans using the intrinsic value method prescribed in Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Accordingly, compensation cost for stock options issued to employees is measured as the excess, if any, of the quoted market price of the Company's Class A Common Stock (as hereinafter defined) at the date of the grant over the amount an employee must pay to acquire such stock. The following table illustrates the effect on net loss and net loss per basic and diluted common share as if the Company had applied the fair value method to its stock-based compensation under the disclosure provisions of SFAS No. 123:

	Three Months Ended March 31,	
	2004	2003
Net loss as reported	\$(58.2)	\$(48.7)
Add: Stock-based employee compensation included in reported net loss	0.6	0.6
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards	(1.5)	(2.6)
Pro forma net loss	<u>\$(59.1)</u>	<u>\$(50.7)</u>
Basic and diluted loss per common share:		
As reported	<u>\$(0.63)</u>	<u>\$(0.91)</u>
Pro forma	<u>\$(0.64)</u>	<u>\$(0.95)</u>

The effects of applying SFAS No. 123 in this pro forma disclosure are not necessarily indicative of future amounts.

REVLON, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED CONDENSED
FINANCIAL STATEMENTS — Continued
(dollars in millions, except per share data)

(2) Post-retirement Benefits

Pension:

A substantial portion of the Company's employees in the U.S. are covered by defined benefit pension plans. The Company uses September 30 as its measurement date for plan obligations and assets.

Other Post-retirement Benefits:

The Company also has sponsored an unfunded retiree benefit plan, which provides death benefits payable to beneficiaries of a very limited number of employees and former employees. Participation in this plan is limited to participants enrolled as of December 31, 1993. The Company also administers a medical insurance plan on behalf of Revlon Holdings LLC ("Holdings"), the cost of which has been apportioned to Holdings under the reimbursement agreements among Revlon, Inc., Products Corporation and MacAndrews Holdings. The Company uses September 30 as its measurement date for plan obligations and assets.

The Medicare Act became law in December 2003 and introduced both a Medicare prescription-drug benefit and a federal subsidy to sponsors of retiree health-care plans that provide a benefit at least "actuarially equivalent" to the Medicare benefit. The Company's other postretirement benefit plans do provide for such prescription-drug benefits. The Company has made a one-time election to defer accounting for the economic effects of the Medicare Act, as permitted by the Financial Accounting Standards Board ("FASB") Staff Position 106-1. The FASB plans to issue authoritative guidance on the accounting for the subsidies in 2004. The issued guidance could require the Company to change previously reported information.

The components of net periodic benefit cost for the plans for the three months ended March 31, 2004 and 2003 are as follows:

	Pension Plans		Other Benefits	
	2004	2003	2004	2003
Service cost	\$ 2.5	\$ 2.3	\$(1.9)	\$0.1
Interest cost	7.6	7.4	(1.4)	0.2
Expected return on plan assets	(6.4)	(5.4)	—	—
Amortization of prior service cost	(0.1)	(0.2)	—	—
Amortization of actuarial loss	2.1	2.3	—	—
	<u>5.7</u>	<u>6.4</u>	<u>(3.3)</u>	<u>0.3</u>
Portion allocated to Holdings	—	(0.1)	—	—
	<u>\$ 5.7</u>	<u>\$ 6.3</u>	<u>\$(3.3)</u>	<u>\$0.3</u>

The Company recognized \$3.3 of income in the first quarter of 2004 related to a reduction in the liability for an International post-retirement benefit arrangement whose terms were modified.

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REVLON, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED CONDENSED
FINANCIAL STATEMENTS —Continued
(dollars in millions, except per share data)

(3) Inventories

	<u>March 31,</u> <u>2004</u>	<u>December 31,</u> <u>2003</u>
Raw materials and supplies	\$ 48.3	\$ 48.3
Work-in-process	12.8	11.6
Finished goods	90.7	82.8
	<u>\$151.8</u>	<u>\$142.7</u>

(4) Other Assets

Included in other assets are trademarks, net, and patents, net. The amounts outstanding for these intangible assets at March 31, 2004 and December 31, 2003 were as follows: for trademarks, net, \$7.4 and \$7.5, respectively, and for patents, net, \$3.7 and \$3.9, respectively. Amortization expense for the three months ended March 31, 2004 and 2003 was \$0.4 and \$0.4, respectively. The Company's intangible assets other than goodwill continue to be subject to amortization, which is anticipated to be approximately \$1.5 annually through December 31, 2009.

(5) Basic and Diluted Loss Per Common Share

The basic (loss) income per common share has been computed based upon the weighted average number of shares of common stock outstanding during each of the periods presented. Diluted (loss) income per common share has been computed based upon the weighted average number of shares of common stock outstanding during the period reported. The Company's outstanding stock options and restricted stock represent the only potential dilutive common stock outstanding. The number of shares used in the calculation of basic and diluted loss per common share does not include any incremental shares that would have been outstanding assuming the exercise of stock options or the issuance of restricted stock because the effect of those incremental shares would have been antidilutive.

For each period presented, the amount of loss used in the calculation of diluted loss per common share was the same as the amount of loss used in the calculation of basic loss per common share.

As a result of the consummation of the 2003 Rights Offering (as hereinafter defined) on June 20, 2003, the Company issued a total of 17,605,650 shares of its Class A common stock, with a par value of \$0.01 per share ("Class A Common Stock"), increasing the number of outstanding shares of the Company's Class A Common Stock to 38,121,785 and the total number of shares of common stock outstanding, including the Company's existing 31,250,000 shares of Class B common stock, with a par value of \$0.01 per share ("Class B Common Stock," and together with the Class A Common Stock, the "Common Stock"), to 69,371,785. Upon consummation of the 2003 Rights Offering, the fair value, based on the New York Stock Exchange ("NYSE") closing price of the Company's Class A Common Stock was more than the subscription price. Accordingly, basic and diluted loss per common share for all periods prior to the 2003 Rights Offering have been restated to reflect the stock dividend of 1,262,328 shares of the Company's Class A Common Stock.

On March 25, 2004, in connection with the Revlon Exchange Transactions (as hereinafter defined), the Company issued 299,969,493 shares of Class A Common Stock (See Note 10). As a result of consummating the Revlon Exchange Transactions, Revlon, Inc. currently has outstanding approximately 338,177,944 shares of its Class A Common Stock and 31.25 million shares of its Class B Common Stock, with MacAndrews & Forbes beneficially owning approximately 221.2 million shares of the Common Stock (representing approximately 59.9% of the outstanding shares of the Common Stock and approximately 77.2% of the combined voting power of the Common Stock); funds and accounts managed

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REVLON, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED CONDENSED
FINANCIAL STATEMENTS —Continued
(dollars in millions, except per share data)

by Fidelity Management & Research Co. ("Fidelity") beneficially owning approximately 78.4 million shares of Class A Common Stock (representing approximately 21.2% of the outstanding shares of Common Stock and approximately 12.1% of the combined voting power of the Common Stock); and other stockholders beneficially owning approximately 69.8 million shares of Class A Common Stock (representing approximately 18.9% of the outstanding shares of Common Stock and approximately 10.7% of the combined voting power of the Common Stock).

The shares issued in the 2003 Rights Offering and the Revlon Exchange Transactions are included in the weighted average number of shares outstanding since the date of the respective transactions.

(6) Restructuring and Other Costs, Net

During the first quarter of 2004, the Company revised its estimate of the cost to be incurred related to a previous restructuring program. In 2003, the Company recorded separate charges of \$5.9 (\$0.5 of which was recorded in the first quarter of 2003) for employee severance and other personnel benefits for 421 employees in certain International operations, as to which 331 employees have been terminated as of March 31, 2004.

During the third quarter of 2000, the Company initiated a new restructuring program in line with the original restructuring plan developed in late 1998, designed to improve profitability by reducing personnel and consolidating manufacturing facilities. The 2000 restructuring program focused on the Company's plans to close its manufacturing operations in Phoenix, Arizona and Mississauga, Canada and to consolidate its cosmetics production into its plant in Oxford, North Carolina. The 2000 restructuring program also includes the remaining obligation for excess leased real estate in the Company's headquarters, consolidation costs associated with the Company closing its facility in New Zealand, and the elimination of several domestic and international executive

and operational positions, each of which were effected to reduce and streamline corporate overhead costs. In connection with the 2000 restructuring program, termination benefits for 2,457 employees were included in the Company's restructuring charges, and all such employees that were to be terminated had been terminated as of December 31, 2003.

Details of the activities described above during the three-month period ended March 31, 2004 are as follows:

	Balance As of 1/1/04	Expenses, Net	Utilized, Net		Balance As of 3/31/04
			Cash	Noncash	
Employee severance and other personnel benefits:					
2000 program	\$1.8	\$ —	\$(0.5)	\$ —	\$1.3
2003 program	5.0	—	(0.2)	0.2	5.0
	<u>6.8</u>	<u>—</u>	<u>(0.7)</u>	<u>0.2</u>	<u>6.3</u>
Leases and equipment write-offs	2.2	(0.7)	1.0	0.2	2.7
	<u>\$9.0</u>	<u>\$(0.7)</u>	<u>\$ 0.3</u>	<u>\$0.4</u>	<u>\$9.0</u>

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REVLON, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED CONDENSED
FINANCIAL STATEMENTS —Continued
(dollars in millions, except per share data)

(7) Geographic Information

The Company manages its business on the basis of one reportable operating segment. The Company's results of operations and the value of its foreign assets and liabilities may be adversely affected by, among other things, weak economic conditions, political uncertainties, military actions, terrorist activities, adverse currency fluctuations and competitive activities.

Geographic areas:

	Three Months Ended March 31,	
	2004	2003
Net sales:		
United States	\$ 190.6	\$ 194.8
Canada	15.3	10.1
United States and Canada	205.9	204.9
International	102.5	87.1
	<u>\$ 308.4</u>	<u>\$ 292.0</u>

	March 31,	December 31,
	2004	2003
Long-lived assets		
United States	\$ 390.6	\$ 392.9
Canada	4.6	3.9
United States and Canada	395.2	396.8
International	78.8	79.8
	<u>\$ 474.0</u>	<u>\$ 476.6</u>

Classes of similar products:

	Three Months Ended March 31,	
	2004	2003
Net sales:		
Cosmetics, skin care and fragrances	\$ 206.9	\$ 197.7
Personal care	101.5	94.3
	<u>\$ 308.4</u>	<u>\$ 292.0</u>

(8) Derivative Financial Instruments

The Company uses derivative financial instruments, primarily foreign currency forward exchange contracts, to reduce the effects of fluctuations in foreign currency exchange rates. These contracts, which have been designated as cash flow hedges, were entered into primarily to hedge anticipated inventory purchases and certain intercompany payments denominated in foreign currencies, which have maturities of less than one year. Any unrecognized income (loss) related to these contracts are recorded in the Statement of Operations primarily in cost of goods sold when the underlying transactions hedged are realized (e.g., when inventory is sold or intercompany transactions are settled). The Company enters into these contracts with a counterparty that is a major financial institution, and accordingly the Company believes that the risk of counterparty nonperformance is remote. The notional amount of the foreign currency forward exchange contracts outstanding at March 31, 2004 and 2003 was \$60.8 and \$43.1, respectively. The fair value of the foreign currency forward exchange contracts outstanding at March 31, 2004 and 2003 was \$(0.4) and \$(0.4), respectively.

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REVLON, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED CONDENSED
FINANCIAL STATEMENTS —Continued
(dollars in millions, except per share data)

(9) Guarantor Financial Information

Products Corporation's 12% Senior Secured Notes due 2005 (the "12% Senior Secured Notes") are jointly and severally, fully and unconditionally guaranteed by the domestic subsidiaries of Products Corporation that guarantee Products Corporation's 2001 Credit Agreement (as hereinafter defined) (the "Guarantor Subsidiaries") (subsidiaries of Products Corporation that do not guarantee the 12% Senior Secured Notes are referred to as the "Non-Guarantor Subsidiaries"). The Supplemental Guarantor Condensed Consolidating Financial Data presented

below presents the balance sheets, statements of operations and statements of cash flow data (i) for Products Corporation and the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries on a consolidated basis (which is derived from Products Corporation's historical reported financial information); (ii) for Products Corporation as the "Parent Company," alone (accounting for its Guarantor Subsidiaries and the Non-Guarantor Subsidiaries on an equity basis under which the investments are recorded by each entity owning a portion of another entity at cost, adjusted for the applicable share of the subsidiary's cumulative results of operations, capital contributions and distributions, and other equity changes); (iii) for the Guarantor Subsidiaries alone; and (iv) for the Non-Guarantor Subsidiaries alone. Additionally, Products Corporation's 12% Senior Secured Notes are fully and unconditionally guaranteed by Revlon, Inc. The unaudited and audited consolidating condensed balance sheets, unaudited consolidating condensed statements of operations and unaudited consolidating condensed statements of cash flow for Revlon, Inc. have not been included in the accompanying Supplemental Guarantor Condensed Consolidating Financial Data as such information is not materially different from those of Products Corporation. (See Note 12 to the Unaudited Consolidated Condensed Financial Statements).

**Unaudited Consolidating Condensed Balance Sheets
As of March 31, 2004**

ASSETS	Consolidated	Eliminations	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries
Current assets	\$ 423.9	\$ —	\$ 196.8	\$ 28.3	\$198.8
Intercompany receivables	—	(2,005.6)	1,229.7	564.5	211.4
Investment in subsidiaries	—	266.9	(242.6)	(87.3)	63.0
Property, plant and equipment, net	128.3	—	109.4	4.4	14.5
Other assets	145.0	—	117.7	7.5	19.8
Goodwill, net	186.1	—	156.6	2.1	27.4
Total assets	<u>\$ 883.3</u>	<u>\$(1,738.7)</u>	<u>\$1,567.6</u>	<u>\$ 519.5</u>	<u>\$534.9</u>
LIABILITIES AND STOCKHOLDER'S DEFICIENCY					
Current liabilities	\$ 442.7	\$ —	\$ 290.4	\$ 28.7	\$123.6
Intercompany payables	—	(2,005.6)	865.7	771.3	368.6
Long-term debt	1,103.6	—	1,100.2	2.2	1.2
Other long-term liabilities	295.1	—	269.4	20.6	5.1
Total liabilities	1,841.4	(2,005.6)	2,525.7	822.8	498.5
Stockholder's (deficiency) equity	(958.1)	266.9	(958.1)	(303.3)	36.4
Total liabilities and stockholder's (deficiency) equity	<u>\$ 883.3</u>	<u>\$(1,738.7)</u>	<u>\$1,567.6</u>	<u>\$ 519.5</u>	<u>\$534.9</u>

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**REVLON, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED CONDENSED
FINANCIAL STATEMENTS—Continued
(dollars in millions, except per share data)**

**Consolidating Condensed Balance Sheets
As of December 31, 2003**

ASSETS	Consolidated	Eliminations	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries
Current assets	\$ 428.3	\$ —	\$ 211.1	\$ 31.1	\$186.1
Intercompany receivables	—	(1,964.1)	1,225.4	532.9	205.8
Investment in subsidiaries	—	270.7	(249.4)	(86.3)	65.0
Property, plant and equipment, net	132.1	—	113.3	3.8	15.0
Other assets	144.2	—	116.4	8.1	19.7
Goodwill, net	186.1	—	156.6	2.1	27.4
Total assets	<u>\$ 890.7</u>	<u>\$(1,693.4)</u>	<u>\$ 1,573.4</u>	<u>\$ 491.7</u>	<u>\$519.0</u>
LIABILITIES AND STOCKHOLDER'S DEFICIENCY					
Current liabilities	\$ 447.4	\$ —	\$ 301.6	\$ 28.9	\$116.9
Intercompany payables	—	(1,964.1)	859.5	748.1	356.5
Long-term debt	1,869.5	—	1,866.5	1.7	1.3
Other long-term liabilities	301.0	—	273.0	20.6	7.4
Total liabilities	2,617.9	(1,964.1)	3,300.6	799.3	482.1
Stockholder's (deficiency) equity	(1,727.2)	270.7	(1,727.2)	(307.6)	36.9
Total liabilities and stockholder's (deficiency) equity	<u>\$ 890.7</u>	<u>\$(1,693.4)</u>	<u>\$ 1,573.4</u>	<u>\$ 491.7</u>	<u>\$519.0</u>

**Unaudited Consolidating Condensed Statement of Operations
For the Quarter Ended March 31, 2004**

	Consolidated	Eliminations	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries
Net sales	\$ 308.4	\$ (29.8)	\$ 186.3	\$ 47.3	\$ 104.6
Cost of sales	117.1	(29.8)	67.6	37.8	41.5
Gross profit	191.3	—	118.7	9.5	63.1
Selling, general and administrative expenses	171.6	—	112.9	12.5	46.2
Restructuring (benefit) costs	(0.7)	—	0.1	(0.4)	(0.4)
Operating income (loss)	20.4	—	5.7	(2.6)	17.3
Other expenses (income):					
Interest expense (income), net	44.0	—	44.0	0.1	(0.1)
Miscellaneous expenses (income), net	1.3	—	0.1	(5.8)	7.0
Loss on early extinguishment of debt	32.6	—	32.6	—	—
Equity in (earnings) loss of subsidiaries	—	14.0	(11.2)	0.3	(3.1)
Other expenses (income), net	77.9	14.0	65.5	(5.4)	3.8
(Loss) income before income taxes	(57.5)	(14.0)	(59.8)	2.8	13.5
Provision (benefit) for income taxes	0.8	—	(1.5)	—	2.3

REVLON, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED CONDENSED
FINANCIAL STATEMENTS—Continued
(dollars in millions, except per share data)

Unaudited Consolidating Condensed Statement of Cash Flow
For the Quarter Ended March 31, 2004

	<u>Consolidated</u>	<u>Eliminations</u>	<u>Parent Company</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net cash (used for) provided by operating activities	\$ (35.6)	\$ —	\$ (32.2)	\$(4.2)	\$ 0.8
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures	(2.7)	—	(2.4)	(0.1)	(0.2)
Net cash used for investing activities	(2.7)	—	(2.4)	(0.1)	(0.2)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Net increase (decrease) in short-term borrowings—third parties	1.8	—	(0.1)	0.1	1.8
Proceeds from the issuance of long-term debt—third parties	163.8	—	161.6	2.2	—
Repayment of long-term debt—third parties	(153.3)	—	(151.6)	(1.7)	—
Proceeds from the issuance of long-term debt—affiliates	38.7	—	38.7	—	—
Repayment of long-term debt—affiliates	(15.5)	—	(15.5)	—	—
Payment of financing costs	(3.5)	—	(3.5)	—	—
Net cash provided by financing activities	32.0	—	29.6	0.6	1.8
Effect of exchange rate changes on cash and cash equivalents	3.6	—	3.2	(0.1)	0.5
Net (decrease) increase in cash and cash equivalents	(2.7)	—	(1.8)	(3.8)	2.9
Cash and cash equivalents at beginning of period	56.5	—	(4.9)	4.9	56.5
Cash and cash equivalents at end of period	<u>\$ 53.8</u>	<u>\$ —</u>	<u>\$ (6.7)</u>	<u>\$ 1.1</u>	<u>\$59.4</u>

REVLON, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED CONDENSED
FINANCIAL STATEMENTS—Continued
(dollars in millions, except per share data)

Unaudited Consolidating Condensed Statement of Operations
For the Quarter Ended March 31, 2003

	<u>Consolidated</u>	<u>Eliminations</u>	<u>Parent Company</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>
Net sales	\$292.0	\$(29.1)	\$191.4	\$ 42.5	\$ 87.2
Cost of sales	111.5	(29.1)	67.0	34.9	38.7
Gross profit	180.5	—	124.4	7.6	48.5
Selling, general and administrative expenses	183.9	—	126.5	9.4	48.0
Restructuring costs	0.5	—	0.1	0.1	0.3
Operating (loss) income	(3.9)	—	(2.2)	(1.9)	0.2
Other expenses (income):					
Interest expense, net	40.9	—	40.8	0.1	—
Miscellaneous expenses (income), net	2.7	—	2.6	(13.2)	13.3
Equity in loss of subsidiaries	—	(24.2)	2.4	14.5	7.3
Other expenses, net	43.6	(24.2)	45.8	1.4	20.6
Loss before income taxes	(47.5)	24.2	(48.0)	(3.3)	(20.4)
Provision for income taxes	0.9	—	0.4	0.1	0.4
Net loss	<u>\$ (48.4)</u>	<u>\$ 24.2</u>	<u>\$ (48.4)</u>	<u>\$ (3.4)</u>	<u>\$(20.8)</u>

Unaudited Consolidating Condensed Statement of Cash Flow
For the Quarter Ended March 31, 2003

	<u>Consolidated</u>	<u>Eliminations</u>	<u>Parent Company</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net cash used for operating activities	\$(60.5)	\$ —	\$(51.2)	\$(3.0)	\$(6.3)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures	(4.7)	—	(4.2)	—	(0.5)
Net cash used for investing activities	(4.7)	—	(4.2)	—	(0.5)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Net increase in short-term borrowings—third parties	0.7	—	0.1	—	0.6
Proceeds from the issuance of long-term debt—third parties	16.3	—	13.3	2.5	0.5
Repayment of long-term debt—third parties	(17.5)	—	(10.4)	(5.9)	(1.2)
Proceeds from the issuance of long-term debt—affiliates	15.0	—	15.0	—	—
Payment of financing costs	(4.8)	—	(4.8)	—	—
Net cash provided by (used for) financing activities	9.7	—	13.2	(3.4)	(0.1)
Effect of exchange rate changes on cash and cash equivalents	4.5	—	0.1	—	4.4
Net decrease in cash and cash equivalents	(51.0)	—	(42.1)	(6.4)	(2.5)
Cash and cash equivalents at beginning of period	85.8	—	28.0	7.8	50.0
Cash and cash equivalents at end of period	<u>\$ 34.8</u>	<u>\$ —</u>	<u>\$(14.1)</u>	<u>\$ 1.4</u>	<u>\$47.5</u>

REVLON, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED CONDENSED
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(dollars in millions, except per share data)

(10) Long-term Debt

On February 12, 2004, Revlon, Inc. announced that its Board of Directors had approved agreements with Fidelity and MacAndrews & Forbes intended to dramatically strengthen Products Corporation's balance sheet (the "Debt Reduction Transactions"). As a result, Products Corporation's debt was reduced by approximately \$804 on March 25, 2004. Revlon, Inc. is committed to reduce Products Corporation's consolidated debt by approximately an additional \$110 by the end of March 2006.

Fidelity and MacAndrews & Forbes agreed to tender or to cause to be tendered for exchange in exchange offers (together with the other contemporaneously closed Debt Reduction Transactions described below, the "Revlon Exchange Transactions") an aggregate of approximately \$441 of outstanding 8 1/8% Senior Notes, 9% Senior Notes and 8 5/8% Senior Subordinated Notes (each as hereinafter defined and collectively, the "Revlon Exchange Notes") for shares of Class A Common Stock, at a ratio of 400 shares of Class A Common Stock for each \$1,000 principal amount of 8 1/8% Senior Notes or 9% Senior Notes tendered for exchange and 300 shares of Class A Common Stock for each \$1,000 principal amount of 8 5/8% Senior Subordinated Notes tendered for exchange. The agreements gave Fidelity the right to elect to receive cash or additional shares of Class A Common Stock in respect of accrued interest payable on the notes it tendered. MacAndrews & Forbes received Class A Common Stock in respect of its accrued interest.

In the Revlon Exchange Transactions, which commenced on February 20, 2004, expired on March 19, 2004 and, as discussed in further detail below, closed on March 25, 2004, holders other than MacAndrews & Forbes and Fidelity were offered the opportunity to exchange their Revlon Exchange Notes for (i) shares of Class A Common Stock at the same exchange ratios or, under certain conditions, (ii) cash up to a maximum of \$150 aggregate principal amount of tendered Revlon Exchange Notes, subject to proration. Notes tendered for cash were to receive \$830 per \$1,000 principal amount for the 8 1/8% Senior Notes, \$800 per \$1,000 principal amount for the 9% Senior Notes and \$620 per \$1,000 principal amount for the 8 5/8% Senior Subordinated Notes. Accrued interest was also to be paid on tendered notes in cash or additional shares of Class A Common Stock, at the holder's option. As discussed in more detail below, at the close of the Revlon Exchange Transactions, no cash was paid for any principal amount of the Revlon Exchange Notes.

As part of the Revlon Exchange Transactions, MacAndrews & Forbes also received Class A Common Stock in respect of any and all outstanding amounts owing to it, as of the closing date of the Revlon Exchange Transactions, under the Mafco \$100 million term loan (which was approximately \$109.7 at March 25, 2004), the 2004 Mafco \$125 million term loan (which was approximately \$38.9 at March 25, 2004), the Mafco \$65 million line of credit (which was nil at March 25, 2004) (each as such loan and line of credit is hereinafter defined) and approximately \$24.1 of subordinated promissory notes (the "Loan Conversion Transactions"). Each \$1,000 principal amount of indebtedness outstanding under the Mafco \$100 million term loan and the 2004 Mafco \$125 million term loan was exchanged for 400 shares of Class A Common Stock, and each \$1,000 principal amount of indebtedness outstanding under the subordinated promissory notes was exchanged for 300 shares of Class A Common Stock. The portions of the 2004 Mafco \$125 million term loan and the Mafco \$65 million line of credit not exchanged in the Loan Conversion Transaction remain available to Products Corporation, subject to the "Borrowing Limitation" (as hereinafter defined).

Revlon, Inc. agreed with Fidelity not to permit Products Corporation to have outstanding aggregate borrowings, at any time following the close of the Revlon Exchange Transactions and until the termination of the Stockholders Agreement (as described below), under the Mafco \$65 million line of credit and the 2004 Mafco \$125 million term loan in excess of approximately \$86.9, which amount represents: (a) \$190 (the total commitment under the Mafco \$65 million line of credit and the 2004 Mafco \$125 million term loan) minus (b) approximately \$38.7 (representing the aggregate principal amount of

REVLON, INC. AND SUBSIDIARIES
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(dollars in millions, except per share data)

borrowings under the 2004 Mafco \$125 million term loan and the Mafco \$65 million line of credit exchanged by MacAndrews & Forbes for Class A Common Stock in the Loan Conversion Transactions) minus (c) \$64.4 (representing the original commitment amount of certain term loan commitments borrowed by Products Corporation on March 25, 2004 under the Credit Agreement (as hereinafter defined) pursuant to the Exchange Bank Amendments discussed below) (the "Borrowing Limitation").

REV Holdings LLC, a Delaware limited liability company and a wholly owned indirect subsidiary of MacAndrews & Forbes ("REV Holdings"), owned all of Revlon, Inc.'s outstanding Series A preferred stock, which had a par value of \$0.01 per share with an aggregate liquidation preference of \$54.6 ("Series A Preferred Stock"), and all of Revlon, Inc.'s outstanding 4,333 shares of Series B convertible preferred stock, which had a par value of \$0.01 per share and which were convertible into 433,333 shares of Class A Common Stock ("Series B Preferred Stock"). As part of the Revlon Exchange Transactions, MacAndrews & Forbes agreed to cause REV Holdings to exchange each \$1,000 of liquidation preference on its shares of Series A Preferred Stock for 160 shares of Class A Common Stock and to convert its shares of Series B Preferred Stock into an aggregate of 433,333 shares of Class A Common Stock.

In another contemporaneous transaction, Revlon, Inc. and Fidelity entered into a stockholders agreement (the "Stockholders Agreement") pursuant to which, among other things, (i) Revlon, Inc. 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; and (ii) Revlon, Inc. would establish and maintain a Nominating and Corporate Governance Committee of the Board of Directors, which it formed in March 2004. The Stockholders Agreement will terminate at such time as Fidelity ceases to be the beneficial holder of at least 5% of Revlon, Inc.'s outstanding voting stock.

On March 25, 2004, Revlon, Inc. consummated the Revlon Exchange Transactions. As a result of the consummation of these transactions, approximately \$133.8 principal amount of the 8 1/8% Senior Notes, approximately \$174.5 principal amount of the 9% Senior Notes and approximately \$322.9 principal amount of the 8 5/8% Senior Subordinated Notes were exchanged for an aggregate of approximately 224.1 million shares of Class A Common Stock, including such shares issued in exchange for accrued interest on the Revlon Exchange

Notes. Such amount of Revlon Exchange Notes exchanged included approximately \$1.0 of the 9% Senior Notes and approximately \$286.7 of the 8 5/8% Senior Subordinated Notes tendered by MacAndrews & Forbes and other entities related to it; and approximately \$85.9 of the 9% Senior Notes, approximately \$77.8 of the 8 1/8% Senior Notes and approximately \$32.1 of the 8 5/8% Senior Subordinated Notes tendered by funds and accounts managed by Fidelity.

MacAndrews & Forbes also exchanged approximately \$109.7 of existing indebtedness (including principal and accrued interest) under the Mafco \$100 million term loan for approximately 43.9 million shares of Class A Common Stock, approximately \$38.9 of existing indebtedness (including principal and accrued interest) under the 2004 Mafco \$125 million term loan for approximately 15.6 million shares of Class A Common Stock and approximately \$24.1 of indebtedness under certain subordinated promissory notes payable to MacAndrews & Forbes for approximately 7.2 million shares of Class A Common Stock. REV Holdings exchanged all of Revlon, Inc.'s previously outstanding Series A Preferred Stock for an aggregate of approximately 8.7 million shares of Class A Common Stock and converted all of its shares of Revlon, Inc.'s previously outstanding Series B Preferred Stock into 433,333 shares of Class A Common Stock.

The consummation of the Revlon Exchange Transactions on March 25, 2004, resulted in (i) the reduction of indebtedness, preferred stock and accrued interest of \$803.9, \$54.6 and \$9.9, respectively, resulting from the issuance of 299,969,493 shares of Class A Common Stock in the Revlon Exchange Transactions and (ii) resulted in a decrease to capital deficiency of \$879.3, including \$79.9 as a result of the exchange or conversion of indebtedness and preferred stock by MacAndrews & Forbes representing the difference between the market value at March 25, 2004 of the shares of Class A Common Stock issued

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REVLON, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED CONDENSED
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(dollars in millions, except per share data)

and the principal amount of the indebtedness and preferred stock exchanged or converted, together with accrued interest thereon. Additionally, the Company recognized a loss on early extinguishment of debt of \$32.6 in connection with the write-off of unamortized debt issuance costs and debt discount, estimated fees and expenses and the difference between the market value at March 25, 2004 of the shares of Class A Common Stock issued and the principal amount of the indebtedness exchanged by third parties (other than by MacAndrews & Forbes), together with accrued interest thereon, of \$15.5.

As a result of consummating the Revlon Exchange Transactions, Revlon, Inc. currently has outstanding approximately 338,177,944 shares of its Class A Common Stock and 31.25 million shares of its Class B Common Stock, with MacAndrews & Forbes beneficially owning approximately 221.2 million shares of the Common Stock (representing approximately 59.9% of the outstanding shares of the Common Stock and approximately 77.2% of the combined voting power of the Common Stock); funds and accounts managed by Fidelity beneficially owning approximately 78.4 million shares of Class A Common Stock (representing approximately 21.2% of the outstanding shares of Common Stock and approximately 12.1% of the combined voting power of the Common Stock); and other stockholders beneficially owning approximately 69.8 million shares of Class A Common Stock (representing approximately 18.9% of the outstanding shares of Common Stock and approximately 10.7% of the combined voting power of the Common Stock).

In connection with consummating the Revlon Exchange Transactions, Revlon, Inc. announced that its previously announced plan to launch a rights offering to reduce debt by a further \$50 by year-end 2004 was reduced to \$9.7, as a result of \$190.3 of Revlon Exchange Notes having been exchanged in excess of the Revlon Exchange Notes committed to be exchanged by MacAndrews & Forbes and Fidelity under their respective support agreements. This \$190.3 more than satisfied Revlon, Inc.'s plan to reduce debt through the Revlon Exchange Offers by \$150 in addition to the Revlon Exchange Notes that were committed to be exchanged in the support agreements with MacAndrews & Forbes and Fidelity. The \$40.3 difference satisfied all but \$9.7 of the Company's plan to reduce debt by a further \$50 by year-end 2004. Because the costs and expenses, as well as the use of organizational resources, associated with a \$9.7 rights offering would be unduly disproportionate, Revlon, Inc. indicated that its support and investment agreements with MacAndrews & Forbes and Fidelity relating to the Company's debt reduction plan were amended to enable Revlon, Inc. to satisfy the remaining \$9.7 of debt reduction as part of the final stage of the Company's debt reduction plan. Therefore, the Company now intends to reduce debt by approximately an additional \$110 by the end of March 2006. Consistent with agreements between MacAndrews & Forbes and Revlon, Inc. entered into contemporaneously with the agreements relating to the Revlon Exchange Transactions, MacAndrews & Forbes agreed to back-stop the additional \$110 of debt reduction.

In connection with closing the Revlon Exchange Transactions on March 25, 2004, Mafco Holdings executed a joinder agreement to the Revlon, Inc. registration rights agreement pursuant to which all Class A Common Stock beneficially owned by Mafco Holdings will be deemed to be registerable securities.

Also, in conjunction with the Revlon Exchange Transactions, in February 2004 Products Corporation entered into amendments to its Credit Agreement (the "Exchange Bank Amendments") to provide an additional \$64.4 term loan facility, the proceeds of which were used to repay outstanding revolving indebtedness under Products Corporation's Credit Agreement without a reduction in revolving credit commitments. These amendments also reduced the interest rates payable on such loan facility by 0.5%, as compared to other loans under the existing term loan facility of Products Corporation's Credit Agreement, with such rates on these new term loans being, at Products Corporation's option, either (A) the Alternate Base Rate plus 4.0%; or (B) the Eurodollar Rate plus 5.0%. These additional term loans mature on May 30, 2005 and require an amortization payment of \$0.7 on November 30, 2004. The Exchange Bank Amendments also permit various aspects of the transactions relating to the Revlon Exchange Transactions, including permitting: (i) the prepayment of the Mafco \$100 million term loan and

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REVLON, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED CONDENSED
FINANCIAL STATEMENTS —Continued
(dollars in millions, except per share data)

the Mafco \$125 million term loan occurring as a result of the indebtedness thereunder outstanding at the consummation of the Revlon Exchange Transactions being fully converted to equity; (ii) the reduction of the commitment of the Mafco \$65 million line of credit to its undrawn amount at the consummation of the Revlon Exchange Transactions (which reduction was nil as there was no amount outstanding under the Mafco \$65 million line of credit upon the consummation of the Revlon Exchange Transactions); (iii) any proceeds remaining after such transactions to be contributed to Products Corporation and used to prepay or repurchase any of its

outstanding indebtedness; (iv) Revlon, Inc. to enter into certain investment or subscription agreements in connection with the Revlon Exchange Transactions; and (v) the aggregate term loan commitments under the Credit Agreement to be increased by \$64.4. (See Note 12 to the Unaudited Consolidated Condensed Financial Statements).

Prior to the aforementioned Revlon Exchange Transactions, in December 2003, Revlon, Inc.'s Board approved two loans from MacAndrews Holdings, one to provide up to \$100 million (the "2004 M&F Loan"), if needed, to enable the Company to continue to implement and refine its plan, and the other to provide an additional \$25 million (the "\$25 million M&F Loan") to be used for general corporate purposes. In January 2004, the 2004 M&F Loan and the \$25 million M&F Loan were consolidated into one term loan agreement (the "2004 Mafco \$125 million term loan"). The 2004 Mafco \$125 million term loan is a senior unsecured multiple-draw term loan with an interest rate of 12% per annum and is on substantially the same terms as the Mafco \$100 million term loan provided by MacAndrews & Forbes in 2003, including that interest on such loans is not payable in cash, but accrues, is added to the principal amount each quarter and will be paid in full at final maturity on December 1, 2005. \$38.9 of principal and accrued interest under the 2004 Mafco \$125 million term loan was converted into shares of Class A Common Stock in connection with the Revlon Exchange Transactions.

EBITDA (as defined in the Credit Agreement) was \$144.4 for the four consecutive fiscal quarters ended December 31, 2003, which was less than the minimum of \$230 required under the EBITDA covenant of the Credit Agreement for that period and Products Corporation's leverage ratio was 1.66:1.00, which was in excess of the maximum ratio of 1.10:1.00 permitted under the leverage ratio covenant of the Credit Agreement for that period. Accordingly, Products Corporation sought and on January 28, 2004 secured waivers of compliance with these covenants for the four quarters ended December 31, 2003. In light of the Company's expectation that its plan would affect Products Corporation's ability to comply with these covenants during 2004, Products Corporation also secured an amendment to eliminate the EBITDA and leverage ratio covenants for the first three quarters of 2004 and a waiver of compliance with such covenants for the four quarters ending December 31, 2004 expiring on January 31, 2005 (the "January 2004 Bank Amendment"). The January 2004 Bank Amendment to the Credit Agreement included certain other amendments to allow for the continued implementation of the Company's plan, including, among other things: (i) providing exceptions from the limitations under the indebtedness covenant to permit the 2004 Mafco \$125 million term loan, (ii) permitting Products Corporation to borrow up to an additional \$50 in working capital loans from MacAndrews Holdings or its affiliates, if necessary, (iii) extending the maturity of the Mafco \$65 million line of credit until June 30, 2005 and providing that as a condition to Products Corporation borrowing under such line from and after the effective date of the January 2004 Bank Amendment that at least \$100 shall have been borrowed under the 2004 Mafco \$125 million term loan, (iv) continuing the \$20 minimum liquidity covenant, (v) increasing the applicable margin on loans under the Credit Agreement by 0.25%, the incremental cost of which to Products Corporation, assuming the Credit Agreement is fully drawn, would be approximately \$0.5 from February 1, 2004 through the end of 2004, and (vi) permitting Revlon, Inc. to guarantee certain classes of Products Corporation's public indebtedness to enable Products Corporation to consummate the Revlon Exchange Transactions and related transactions. (See Note 12 to the Unaudited Consolidated Condensed Financial Statements).

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REVLON, INC. AND SUBSIDIARIES
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FINANCIAL STATEMENTS—Concluded
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(11) Tax Deconsolidation

As a result of the closing of the Revlon Exchange Transactions, as of the end of the day on March 25, 2004, Revlon Inc., Products Corporation and its U.S. subsidiaries were no longer included in the Mafco Holdings consolidated group (the Mafco Group) for federal income tax purposes. The Internal Revenue Code of 1986, as amended (the "Code") and the Treasury regulations issued thereunder govern both the calculation of the amount and allocation to the members of the Mafco Group of any consolidated federal net operating losses of the group (CNOLs) that will be available to offset the Company's taxable income and the taxable income of its U.S. subsidiaries for the taxable years beginning after March 25, 2004. It is impossible to estimate accurately the amount of CNOLs that will be allocated to the Company as of December 31, 2004 because various factors could increase or decrease or eliminate these amounts. These factors include, but are not limited to, the amount and nature of the income, gains or losses that the other members of the Mafco Group recognize in the 2004 taxable year because any CNOLs are, pursuant to Treasury regulations, used to offset the taxable income of the Mafco Group for the entire consolidated return year ending December 31, 2004. Only the amount of any CNOLs that the Mafco Group does not absorb by December 31, 2004 will be available to be allocated to the Company and its U.S. subsidiaries for the Company's taxable years beginning on March 26, 2004. Subject to the foregoing, it is currently estimated that the Company will have approximately \$330 in U.S. federal net operating losses and nil for alternative minimum tax losses available to the Company as of March 25, 2004. Any losses that the Company and its U.S. subsidiaries may generate after March 25, 2004 will be available to the Company for its use and its U.S. subsidiaries' use and will not be available for the use of the Mafco Group. Following the closing of the Revlon Exchange Transactions, Revlon, Inc. became the parent of a new consolidated group for federal income tax purposes and Products Corporation's federal taxable income and loss will be included in such group's consolidated tax returns. Accordingly, Revlon, Inc. and Products Corporation entered into a new tax sharing agreement pursuant to which Products Corporation will be required to pay to Revlon, Inc. amounts equal to the taxes that Products Corporation would otherwise have had to pay if Products Corporation were to file separate federal, state or local income tax returns, limited to the amount, and payable only at such times, as Revlon, Inc. will be required to make payments to the applicable taxing authorities.

(12) Subsequent Events

In April 2004, in order to take advantage of what was then a relatively favorable market for refinancings, Products Corporation commenced cash tender offers (the "Tender Offers") to purchase approximately \$555 of its senior notes, consisting of any and all of the \$363.0 aggregate principal amount outstanding of its 12% Senior Secured Notes, any and all of the \$116.2 aggregate principal amount outstanding of its 8 1/8% Senior Notes, and any and all of the \$75.5 aggregate principal amount outstanding of its 9% Senior Notes. Products Corporation also announced that in connection with the Tender Offers it expected to enter into a new credit facility (the "New Credit Agreement") to replace its existing \$312 Credit Agreement and to privately place approximately \$400 in aggregate principal amount of senior notes (the "New Senior Notes", which together with the Tender Offers and the New Credit Agreement are referred to as the "2004 Refinancing Transactions"). Subsequent to the commencement of the Tender Offers, market conditions for debt refinancings worsened considerably and, as a result, on May 13, 2004, Products Corporation announced that due to these unfavorable market conditions it was terminating the Tender Offers and that it was postponing its previously-announced offering of the New Senior Notes and its proposed New Credit Agreement.

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REVLON, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS
(dollars in millions, except per share data)

Overview

The Company 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.

The Company operates in a single segment and manufactures, markets and sells an extensive array of cosmetics and skin care, fragrances and personal care products. In addition, the Company has a licensing group.

The Company has accelerated the implementation of its three-part plan. In 2002, the Company began the implementation of the stabilization and growth phase of its plan, which, following detailed evaluations and research, includes the following key actions and investments, among others: (i) increasing advertising and media spending and effectiveness; (ii) increasing the marketing effectiveness of the Company's wall displays, by among other things, reconfiguring wall displays at its existing retail customers, streamlining its product assortment and reconfiguring product placement on its wall displays and rolling out the new wall displays; (iii) enhancing the effectiveness of its merchandiser coverage to improve in-store stock levels and work with its retail customers to improve replenishment of the Company's products on the wall displays and to minimize out-of-stocks at its retail customers; (iv) selectively adjusting prices on certain SKUs (or stock keeping units); (v) further strengthening the Company's new product development process; and (vi) implementing a comprehensive program to develop and train the Company's employees.

In the first quarter of 2004, net sales increased \$16.4 or 5.6% to \$308.4 as compared to \$292.0 in the first quarter of 2003, driven by sales growth in International, including the benefits of favorable foreign currency translation and higher licensing revenues.

In the United States and Canada, net sales increased to \$205.9 from \$204.9 despite modestly lower shipments, with the increase driven by higher licensing revenues, including from the prepayment of a license renewal fee of \$4.7, lower returns and allowances of approximately \$9.8, partially offset by the Company's increased brand support of \$9.4. In International, net sales increased from \$87.1 to \$102.5, driven largely by the impact of foreign currency translation and increased unit sales.

Operating income in the first quarter of 2004 was \$20.1, as compared to an operating loss of \$4.2 in the first quarter of 2003. This improvement reflected the absence in the first quarter of 2004 of growth plan charges, which reduced operating income in the first quarter of 2003 by approximately \$11, as well as the benefits of higher net sales in the first quarter of 2004 (including the lower returns and allowances and increase in licensing revenues mentioned above), lower display amortization, and favorability relating to a \$3.4 reduction of a liability associated with a modification to an International benefit arrangement. Partially offsetting these drivers of the profitability improvement was higher brand support in the first quarter of 2004.

Market share in the U.S. mass-market for color cosmetics for the Almay and Revlon brands combined was 22.4% for the first quarter of 2004, a decrease of 0.6 share points, as compared with the first quarter of 2003 and an increase of 0.6 share points as compared to the first quarter of 2002. The U.S. mass-market color cosmetics category, as measured by ACNielsen (which excludes certain mass-market retailers), declined by 0.5% for the first quarter of 2004, as compared to the first quarter of 2003. The Company currently expects that the 2004 full-year growth of the total mass-market color cosmetics category, including mass-market retailers which are excluded from ACNielsen's data, will be approximately 3%, as compared to the Company's previous estimate of approximately 4%.

The Company believes that it has strengthened its organizational capability and it intends to continue doing so in 2004. The Company also strengthened its relationships with its key retailers in the U.S., which has led to space gains and increased distribution for 2004 for certain of the Company's products.

The Company intends to capitalize on the actions taken during the stabilization and growth phase of its plan, with the objective of increasing revenues and achieving profitability over the long term. The

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Company currently anticipates that the continued growth momentum and accelerated growth stage of its plan will include various actions that represent refinements of and additions to the actions taken during the stabilization and growth phase of its plan, with the objective of improving the Company's operating margins. The Company currently anticipates that these initiatives will include, among other things, actions to: (i) further improve the new product development and implementation process; (ii) continue to increase the effectiveness and reduce the cost of the Company's display walls; (iii) drive efficiencies across the Company's overall supply chain, including reducing manufacturing costs by streamlining components and sourcing strategically and rationalizing its supply chain in Europe, which could include moving certain production for the European markets to the Company's Oxford, North Carolina facility; and (iv) optimize the effectiveness of the Company's marketing and promotions. This stage will also include strengthening the Company's balance sheet and capital structure. Finally, the Company expects that it will continue the training and development of its organization to continue to improve the organization's capability to execute the Company's strategies, while providing enhanced job satisfaction for the Company's employees.

On March 25, 2004 Revlon, Inc. consummated the Revlon Exchange Transactions and reduced Products Corporation's debt by approximately \$804. As a result of consummating the Revlon Exchange Transactions, Revlon, Inc. issued an additional 299,969,493 shares of Class A Common Stock and after taking such shares into account now currently has outstanding approximately 338,177,944 shares of Class A Common Stock and 31.25 million shares of Class B Common Stock. MacAndrews & Forbes beneficially owns approximately 221.2 million shares of the Common Stock (representing approximately 59.9% of the outstanding shares of the Common Stock and approximately 77.2% of the combined voting power of the Common Stock); funds and accounts managed by Fidelity beneficially own approximately 78.4 million shares of Class A Common Stock (representing approximately 21.2% of the outstanding shares of Common Stock and approximately 12.1% of the combined voting power of the Common Stock); and other stockholders beneficially own approximately 69.8 million shares of Class A Common Stock (representing approximately 18.9% of the outstanding shares of Common Stock and approximately 10.7% of the combined voting power of the Common Stock). The Company received an additional commitment from MacAndrews & Forbes to provide funds to support its business plan for 2004 in the form of the 2004 Mafco \$125 million term loan. In the first quarter of 2004, the Company also secured the January 2004 Bank Amendment and the Exchange Bank Amendments. (See **Note 10 to the Unaudited Consolidated Condensed Financial Statements**).

Results of Operations

In the tables, numbers in parenthesis () denote unfavorable variances.

Net sales:

	Three Months Ended March 31,		Change	Change
	2004	2003		
United States and Canada	\$205.9	\$204.9	\$ 1.0	0.5%
International	102.5	87.1	15.4	17.7%(1)
	<u>\$308.4</u>	<u>\$292.0</u>	<u>\$16.4</u>	5.6%(2)

(1) Excluding the impact of currency fluctuations, International net sales increased 4.2%.

(2) Excluding the impact of currency fluctuations, consolidated net sales increased 1.0%.

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United States and Canada. The increase in net sales in the U.S. and Canada in the first quarter of 2004 was driven by higher licensing revenues of \$4.4 in the first quarter of 2004, primarily from prepayment of \$4.7 of a license renewal fee, lower returns and allowances and discounts of \$9.8 (including the impact in the first quarter of 2003 of \$6.0 related to the stabilization and growth phase of the Company's plan, which began in December 2002) and the favorable impact of foreign currency translation, partially offset by increased brand support of \$9.4 and modestly lower shipments. Market share in the U.S. mass-market for color cosmetics for the Revlon and Almay brands combined decreased by 0.6 share points for the first quarter of 2004, as compared to the first quarter of 2003 and an increase of 0.6 share points as compared to the first quarter of 2002. The Revlon brand share declined 0.1 share points in the first quarter of 2004, in part due to lower shipments stemming from new products with fewer SKUs this quarter, as compared to the first quarter of 2003. The Company's Almay brand was down 0.5 share points in the first quarter of 2004, as compared to the first quarter of 2003, partially due to the loss of key retail space at a large U.S. customer. The space has been successfully regained commencing late in the second quarter of 2004. The U.S. mass-market color cosmetics category, as measured by ACNielsen (which excludes certain mass-market retailers), declined by 0.5% for the first quarter of 2004 as compared to the first quarter of 2003. The Company currently expects that the full-year growth of the total mass-market color cosmetics category, including mass-market retailers which are excluded from ACNielsen's data, will be approximately 3%, as compared to the Company's previous estimate of approximately 4%. In other key categories, the Company gained share in hair color and beauty tools, while market share declined for antiperspirants/deodorants. All U.S. market share and market position data herein for the Company's brands are based upon retail dollar sales, which are derived from ACNielsen data. ACNielsen measures retail sales volume of products sold in the U.S. mass-market distribution channel. Such data represent ACNielsen's estimates based upon data gathered by ACNielsen from market samples and are therefore subject to some degree of variance. Additionally, as of August 4, 2001, ACNielsen's data do not reflect sales volume from Wal-Mart, Inc., which is the Company's largest customer, representing approximately 20.6% of the Company's 2003 worldwide net sales.

International. Net sales in the Company's international operations were \$102.5 for the first quarter of 2004, compared with \$87.1 for the first quarter of 2003, an increase of \$15.4 or 17.7%. Excluding the impact of foreign currency fluctuations, international sales increased by 4.2% in the first quarter of 2004, as compared to the first quarter of 2003. Sales in the Company's international operations are divided by the Company into three geographic regions.

In Europe, which is comprised of Europe and the Middle East, net sales increased by \$0.7, or 2.4%, to \$30.3 for the first quarter of 2004, as compared with the first quarter of 2003. Excluding the impact of foreign currency fluctuations, sales declined by \$3.3 or 11.1% in the first quarter of 2004, as compared to the first quarter of 2003. The decline in net sales net of foreign currency fluctuations was due to lower sales in the U.K., stemming from reduced customer inventory levels (which factor the Company estimates contributed to an approximate 7.5% reduction in net sales for the region) and lower sales to distributors in Russia and Germany (which factor the Company estimates contributed to an approximate 5.5% reduction in net sales for the region).

In Latin America, which is comprised of Mexico, Central America and South America, net sales increased by \$5.1, or 32.3%, to \$20.9 for the first quarter of 2004, as compared with the first quarter of 2003. Excluding the impact of foreign currency fluctuations, sales increased by \$4.1 or 26.0% in the first quarter of 2004, as compared to the first quarter of 2003. The increase is primarily due to increased sales in Brazil (which factor the Company estimates contributed to an approximate 16.0% increase in net sales for the region in the first quarter of 2004, as compared with the first quarter of 2003) and increased sales in Venezuela (which factor the Company estimates contributed to an approximate 8.4% increase in net sales for the region in the first quarter of 2004, as compared with the first quarter of 2003) due to improved local economic and business conditions.

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In the Far East and Africa, net sales increased by \$9.6, or 23.0%, to \$51.3 for the first quarter of 2004 as compared with the first quarter of 2003. Excluding the impact of foreign currency fluctuations, sales increased \$2.8 or 6.7% in the first quarter of 2004, as compared to the first quarter of 2003. This increase was driven by higher sales in Australia, Japan, New Zealand and South Africa related to favorable economic conditions and strong brand marketing activities (which factor the Company estimates contributed to an approximate 8.6% increase in net sales for the region).

Net sales in the Company's international operations in the normal course are subject to the risk of being adversely affected by, among other things, weak economic conditions, political uncertainties, military actions, terrorist activities, adverse currency fluctuations and competitive activities.

During 2002, the Company experienced production difficulties with its principal third-party manufacturer for Europe and certain other international markets. On October 31, 2002, Products Corporation and such manufacturer terminated the long-term supply agreement and entered into a new, more flexible agreement. This new agreement has significantly reduced volume commitments and, among other things, Products Corporation loaned such supplier approximately \$2.0. To address the past production difficulties, under the new arrangement, the supplier can earn performance-based payments of approximately \$6.3 over a 4-year period contingent upon the supplier achieving specific production service level objectives. During 2003, the Company paid approximately \$1.6, and in 2004 paid approximately an additional \$1.8. Under the new arrangement, Products Corporation also sources certain products from its Oxford facility and other suppliers. Under the new supply arrangement, the Company believes that the production difficulties with this third-party manufacturer were resolved during 2003.

Gross profit:

	Three Months Ended March 31,		
	2004	2003	Change
Gross profit	\$191.3	\$180.5	\$10.8

The \$10.8 increase in gross profit for first quarter of 2004 is primarily due to favorable exchange of \$8.1, higher licensing and other revenue of \$4.7 in 2004 (primarily from the prepayment of a \$4.7 license renewal fee), a \$2.0 benefit to gross profit as a result of the aforementioned reduction of an International benefit liability and lower sales returns, allowances and discounts of \$9.7. The first quarter of 2003 was adversely impacted by increased returns in connection with the stabilization and growth phase of the Company's plan. Such increases in gross profit in first quarter of 2004 were partially offset by higher brand support of \$11.0 and unfavorable product sales mix.

SG&A expenses:

	Three Months Ended March 31,		
	2004	2003	Change
SG&A expenses	\$171.9	\$184.2	\$12.3

The decrease in selling, general and administrative expenses ("SG&A") for first quarter of 2004, as compared to first quarter of 2003, is due primarily to lower professional fees of \$4.8 (the first quarter of 2003 included expenses related to the stabilization and growth phase of the Company's plan), lower consumer promotion spending of \$3.7, the reduction of \$1.4 due to the aforementioned reduction of an International benefit liability and lower depreciation and amortization of \$2.8.

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Restructuring (benefit) costs:

	Three Months Ended March 31,		
	2004	2003	Change
Restructuring (benefit) costs	\$(0.7)	\$0.5	\$1.2

During the first quarter of 2004, the Company revised its estimate of the cost to be incurred related to a previous restructuring program. In the first quarter of 2003, the Company recorded a charge of \$0.5 for employee severance and other personnel benefits in certain International operations.

During the third quarter of 2000, the Company initiated a new restructuring program in line with the original restructuring plan developed in late 1998, designed to improve profitability by reducing personnel and consolidating manufacturing facilities. The 2000 restructuring program focused on closing the Company's manufacturing operations in Phoenix, Arizona and Mississauga, Canada and to consolidate its cosmetics production into its plant in Oxford, North Carolina. The 2000 restructuring program also includes the remaining obligation for excess leased real estate in the Company's headquarters, consolidation costs associated with the Company closing its facility in New Zealand, and the elimination of several domestic and international executive and operational positions, each of which were effected to reduce and streamline corporate overhead costs.

Other expenses (income):

	Three Months Ended March 31,		
	2004	2003	Change
Interest expense	\$44.6	\$41.4	\$(3.2)

The increase in interest expense for the first quarter of 2004, as compared to the first quarter of 2003, is primarily due to higher overall borrowings during the first quarter of 2004, including amounts borrowed under the Credit Agreement and the 2003 Mafco Loans (as defined below) and higher interest rates under the Credit Agreement as a result of the January 2004 Bank Amendment.

	Three Months Ended March 31,		
	2004	2003	Change
Loss on early extinguishment on debt	\$32.6	\$—	\$(32.6)

The loss on early extinguishment of debt in the first quarter of 2004 represents the loss on the exchange of equity for certain indebtedness in the Revlon Exchange Transactions (such loss was equal to the difference between the fair value of the equity securities issued and the book value of the related indebtedness exchanged by third parties other than MacAndrews & Forbes or related parties) and fees, expenses and the write-off of deferred financing costs related to the Revlon Exchange Transactions. (See Note 10 to the Unaudited Consolidated Condensed Financial Statements).

Provision for income taxes:

Three Months Ended March 31,		
2004	2003	Change
\$0.8	\$0.9	\$0.1

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The decrease in the provision for income taxes in the first quarter of 2004, as compared with the first quarter of 2003, was primarily attributable to the resolution of various tax audits, which reduced tax expense by approximately \$1.7, partially offset by higher taxable income in certain markets outside the U.S.

Financial Condition, Liquidity and Capital Resources

Net cash used for operating activities in the first quarter of 2004 decreased to \$35.6, as compared to \$60.5 for the first quarter 2003. This improvement resulted primarily from higher operating income, lower accounts receivable and inventories, partially offset by lower accounts payable. The Company received \$4.7 in the first quarter of 2004 related to a license renewal fee under a licensing agreement.

Net cash used for investing activities was \$2.7 and \$4.7 for the first quarters of 2004 and 2003, respectively. Net cash used for investing activities for the first quarters of 2004 and 2003 consisted of capital expenditures.

Net cash provided by financing activities was \$32.0 and \$9.7 for the first quarters of 2004 and 2003, respectively. Net cash provided by financing activities for the first quarter of 2004 included cash drawn under the Credit Agreement, including the additional \$64.4 term loan pursuant to the Exchange Bank Amendments, the 2004 \$125 million Mafco Loan and the \$65 million Mafco line of credit, partially offset by the repayment of borrowings under the Credit Agreement and the Mafco \$65 million line of credit and payment of financing costs. Net cash provided by financing activities for the first quarter of 2003 included cash drawn under the Credit Agreement and the MacAndrews & Forbes \$100 million term loan, partially offset by the repayment of borrowings under the Credit Agreement and payment of financing costs.

On November 30, 2001, Products Corporation entered into a credit agreement (the "2001 Credit Agreement") with a syndicate of lenders, whose individual members change from time to time, which agreement amended and restated the credit agreement entered into by Products Corporation in May 1997 (as amended, the "1997 Credit Agreement"; the 2001 Credit Agreement and the 1997 Credit Agreement are sometimes referred to as the "Credit Agreement"), and which matures on May 30, 2005. As of March 31, 2004, the 2001 Credit Agreement provided up to \$311.9, which is comprised of a \$179.8 term loan facility (the "Term Loan Facility") and a \$132.1 multi-currency revolving credit facility (the "Multi-Currency Facility"). Products Corporation had utilized \$245 under the 2001 Credit Agreement and had approximately \$249 of available liquidity from available sources at March 31, 2004. (See Note 12 to the Unaudited Consolidated Condensed Financial Statements).

The 2004 Debt Reduction Transactions

As a result of the Debt Reduction Transactions, Revlon, Inc. reduced Products Corporation's debt by approximately \$804 on March 25, 2004. Revlon, Inc. is committed to reduce Products Corporation's debt by approximately an additional \$110 by the end of March 2006.

As part of the Revlon Exchange Transactions, MacAndrews & Forbes received Class A Common Stock in respect of any and all outstanding amounts owing to it, as of the closing date of the Revlon Exchange Transactions, under the Mafco \$100 million term loan (which was approximately \$109.7 at March 25, 2004), the 2004 Mafco \$125 million term loan (which was approximately \$38.9 at March 25, 2004), the Mafco \$65 million line of credit (which was nil at March 25, 2004) and approximately \$24.1 of subordinated promissory notes. The portions of the 2004 Mafco \$125 million term loan and the Mafco \$65 million line of credit not exchanged in the Loan Conversion Transactions remain available to Products Corporation, subject to the Borrowing Limitation.

Revlon, Inc. agreed with Fidelity not to permit Products Corporation to have outstanding aggregate borrowings, at any time following the close of the Revlon Exchange Transactions and until the

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termination of the Stockholders Agreement, under the Mafco \$65 million line of credit and the 2004 Mafco \$125 million term loan in excess of approximately \$86.9, which amount represents: (a) \$190 (the total commitment under the Mafco \$65 million line of credit and the 2004 Mafco \$125 million term loan) minus (b) approximately \$38.7 (representing the aggregate principal amount of borrowings under the 2004 Mafco \$125 million term loan and the Mafco \$65 million line of credit exchanged by MacAndrews & Forbes for Class A Common Stock in the Loan Conversion Transactions) minus (c) \$64.4 (representing the original commitment amount of certain term loan commitments borrowed by Products Corporation on March 25, 2004 under the Credit Agreement pursuant to the Exchange Bank Amendments).

On March 25, 2004, Revlon, Inc. consummated the Revlon Exchange Transactions. As a result of the consummation of these transactions, approximately \$133.8 principal amount of the 8 1/8% Senior Notes, approximately \$174.5 principal amount of the 9% Senior Notes and approximately \$322.9 principal amount of the 8 5/8% Senior Subordinated Notes were exchanged for an aggregate of approximately 224.1 million shares of Class A Common Stock, including such shares issued in exchange for accrued interest on the Revlon Exchange Notes. Such amount of Revlon Exchange Notes exchanged included approximately \$1.0 of the 9% Senior Notes and approximately \$286.7 of the 8 5/8% Senior Subordinated Notes tendered by MacAndrews & Forbes and other entities related to it; and approximately \$85.9 of the 9% Senior Notes, approximately \$77.8 of the 8 1/8% Senior Notes and approximately \$32.1 of the 8 5/8% Senior Subordinated Notes tendered by funds and accounts managed by Fidelity.

MacAndrews & Forbes also exchanged approximately \$109.7 of existing indebtedness (including principal and accrued interest) under the Mafco \$100 million term loan for approximately 43.9 million shares of Class A Common Stock, approximately \$38.9 of existing indebtedness (including principal and accrued interest) under the 2004 Mafco \$125 million term loan for approximately 15.6 million shares of Class A Common Stock and approximately \$24.1 of indebtedness under certain subordinated promissory notes payable to MacAndrews & Forbes for approximately 7.2 million shares of Class A Common Stock. REV Holdings exchanged all of Revlon,

Inc.'s previously outstanding Series A Preferred Stock for an aggregate of approximately 8.7 million shares of Class A Common Stock and converted all of its shares of Revlon, Inc.'s previously outstanding Series B Preferred Stock into 433,333 shares of Class A Common Stock.

As a result of consummating the Revlon Exchange Transactions, Revlon, Inc. currently has outstanding 338,177,944 shares of its Class A Common Stock and 31.25 million shares of its Class B Common Stock, with MacAndrews & Forbes beneficially owning approximately 221.2 million shares of the Common Stock (including approximately 32.6 million shares of the Class A Common Stock beneficially owned by a family member with respect to which Mafco Holdings holds a voting proxy). Such shares beneficially owned by MacAndrews & Forbes represent approximately 59.9% of the outstanding shares of the Common Stock and approximately 77.2% of the combined voting power of the Common Stock); with funds and accounts managed by Fidelity beneficially owning approximately 78.4 million shares of Class A Common Stock (representing approximately 21.2% of the outstanding shares of Common Stock and approximately 12.1% of the combined voting power of the Common Stock); and other stockholders beneficially owning approximately 69.8 million shares of Class A Common Stock (representing approximately 18.9% of the outstanding shares of Common Stock and approximately 10.7% of the combined voting power of the Common Stock). Of the shares beneficially owned by MacAndrews & Forbes, REV Holdings currently owns approximately 20.8 million shares of Class A Common Stock and 31.25 million shares of Class B Common Stock.

In connection with consummating the Revlon Exchange Transactions, Revlon, Inc. announced that its previously announced plan to launch a rights offering to reduce debt by a further \$50 by year-end 2004 was reduced to \$9.7, as a result of \$190.3 of Revlon Exchange Notes having been exchanged in excess of the Revlon Exchange Notes committed to be exchanged by MacAndrews & Forbes and Fidelity under their respective support agreements. This \$190.3 more than satisfied Revlon, Inc.'s plan to reduce debt

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through the Revlon Exchange Offers by \$150 in addition to the Revlon Exchange Notes that were committed to be exchanged in the support agreements with MacAndrews & Forbes and Fidelity. The \$40.3 difference satisfied all but \$9.7 of the Company's plan to reduce debt by a further \$50 by year-end 2004. Because the costs and expenses, as well as the use of organizational resources, associated with a \$9.7 rights offering would be unduly disproportionate, Revlon, Inc. indicated that its support and investment agreements with MacAndrews & Forbes and Fidelity relating to the Company's debt reduction plan were amended to enable Revlon, Inc. to satisfy the remaining \$9.7 of debt reduction as part of the final stage of the Company's debt reduction plan. Therefore, the Company now intends to reduce debt by approximately an additional \$110 by the end of March 2006. Consistent with agreements between MacAndrews & Forbes and Revlon, Inc. entered into contemporaneously with the agreements relating to the Revlon Exchange Transactions, MacAndrews & Forbes agreed to back-stop the additional \$110 of debt reduction.

Also, in conjunction with the Revlon Exchange Transactions, Products Corporation obtained the Exchange Bank Amendments to provide an additional \$64.4 term loan facility, the proceeds of which were used to repay outstanding revolving indebtedness under Products Corporation's Credit Agreement without a reduction in revolving credit commitments. These amendments also reduced the interest rates payable on such term loan facility by 0.5%, as compared to the interest rates payable on loans under the existing term loan facility of Products Corporation's Credit Agreement, with such rates on these new term loans being, at Products Corporation's option, either (A) the Alternate Base Rate plus 4.0%; or (B) the Eurodollar Rate plus 5.0%. These new additional term loans mature on May 30, 2005 and require an amortization payment of \$0.7 on November 30, 2004. The Exchange Bank Amendments also permit various aspects of the transactions relating to the Revlon Exchange Transactions, including permitting: (i) the prepayment of the Mafco \$100 million term loan and the Mafco \$125 million term loan occurring as a result of the indebtedness thereunder outstanding at the consummation of the Revlon Exchange Transactions being fully converted to equity; (ii) the reduction of the commitment of the Mafco \$65 million line of credit to its undrawn amount at the consummation of the Revlon Exchange Transactions (which reduction was nil as there was no amount outstanding under the Mafco \$65 million line of credit at the consummation of the Revlon Exchange Transactions); (iii) any proceeds remaining after such transactions to be contributed to Products Corporation and used to prepay or repurchase any of its outstanding indebtedness; (iv) Revlon, Inc. to enter into certain investment or subscription agreements in connection with the Revlon Exchange Transactions; and (v) the aggregate term loan commitments under the Credit Agreement to be increased by \$64.4. (See **Note 12 to the Unaudited Consolidated Condensed Financial Statements**).

EBITDA (as defined in the Credit Agreement) was \$144.4 for the four consecutive fiscal quarters ended December 31, 2003, which was less than the minimum of \$230 required under the EBITDA covenant of the Credit Agreement for that period and Products Corporation's leverage ratio was 1.66:1.00, which was in excess of the maximum ratio of 1.10:1.00 permitted under the leverage ratio covenant of the Credit Agreement for that period. Accordingly, Products Corporation sought and on January 28, 2004 secured the January 2004 Bank Amendment that included waivers of compliance with these covenants for the four quarters ended December 31, 2003 and, in light of the Company's expectation that its plan would affect Products Corporation's ability to comply with these covenants during 2004, an amendment to eliminate the EBITDA and leverage ratio covenants for the first three quarters of 2004 and a waiver of compliance with such covenants for the four quarters ending December 31, 2004 expiring on January 31, 2005. The January 2004 Bank Amendment to the Credit Agreement included certain other amendments to allow for the continued implementation of the Company's plan, including, among other things: (i) providing exceptions from the limitations under the indebtedness covenant to permit the 2004 Mafco \$125 million term loan, (ii) permitting Products Corporation to borrow up to an additional \$50 in working capital loans from MacAndrews Holdings or its affiliates, if necessary, (iii) extending the maturity of the

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Mafco \$65 million line of credit until June 30, 2005 and providing that as a condition to Products Corporation borrowing under such line from and after the effective date of the January 2004 Bank Amendment that at least \$100 shall have been borrowed under the 2004 Mafco \$125 million term loan, (iv) continuing the \$20 minimum liquidity covenant, (v) increasing the applicable margin on loans under the Credit Agreement by 0.25%, the incremental cost of which to Products Corporation, assuming the Credit Agreement is fully drawn, would be approximately \$0.5 from February 1, 2004 through the end of 2004, and (vi) permitting Revlon, Inc. to guarantee

certain classes of Products Corporation's public indebtedness to enable Products Corporation to consummate the Revlon Exchange Transactions and related transactions.

The 2004 M&F Loan and \$25 million M&F Loan were consolidated into the 2004 Mafco \$125 million term loan. The 2004 Mafco \$125 million term loan is a senior unsecured multiple-draw term loan at an interest rate of 12% per annum, and which is on substantially the same terms as the Mafco \$100 million term loan provided by MacAndrews & Forbes earlier in 2003 (the latter of which was fully converted into equity in connection with the Revlon Exchange Transactions), including that interest on such loans is not payable in cash, but accrues and is added to the principal amount each quarter and will be paid in full at final maturity on December 1, 2005. (See **Note 10 to the Unaudited Consolidated Condensed Financial Statements for important information concerning the 2004 Mafco \$125 million term loan**).

2003 Financing Transactions

In February 2003 the Company entered into an investment agreement with MacAndrews Holdings (the "2003 Investment Agreement") pursuant to which the Company undertook and, on June 20, 2003, completed, a \$50 equity rights offering (the "2003 Rights Offering"), pursuant to which Revlon, Inc. issued an additional 17,605,650 shares of its Class A Common Stock, including 3,015,303 shares subscribed for by the public and 14,590,347 shares issued to MacAndrews Holdings in a private placement (representing the number of shares of the Company's Class A Common Stock that MacAndrews Holdings would otherwise have been entitled to purchase pursuant to its basic subscription privilege, which was approximately 83% of the shares of the Company's Class A Common Stock offered in the 2003 Rights Offering).

In addition, in connection with the 2003 Investment Agreement, MacAndrews Holdings also made available a \$100 term loan to Products Corporation (the "Mafco \$100 million term loan"). Until it was exchanged for equity in connection with the Revlon Exchange Transactions, the Mafco \$100 million term loan had a final maturity date of December 1, 2005 and interest on such loan of 12.0% was not payable in cash, but accrued and was added to the principal amount each quarter and was to have been paid in full at final maturity. (See **Note 10 to the Unaudited Consolidated Condensed Financial Statements for important information concerning the Mafco \$100 million term loan**).

Additionally, MacAndrews Holdings also provided Products Corporation with an additional \$40 line of credit during 2003, which amount was originally to increase to \$65 on January 1, 2004 (the "Mafco \$65 million line of credit") (the Mafco \$100 million term loan and the Mafco \$65 million line of credit, each as amended, are referred to as the "2003 Mafco Loans") and which was originally to be available to Products Corporation through December 31, 2004. The Mafco \$65 million line of credit bears interest payable in cash at a rate of the lesser of (i) 12.0% and (ii) 0.25% less than the rate payable from time to time on Eurodollar loans under Products Corporation's Credit Agreement (which rate was 8.50% as of March 31, 2004). However, in connection with the January 2004 Bank Amendment of Products Corporation's Credit Agreement, Products Corporation and MacAndrews Holdings agreed to extend the maturity of the Mafco \$65 million line of credit to June 30, 2005 and to subject the availability of funds under such line of credit to the condition that an aggregate principal amount of \$100 have been drawn under the 2004 Mafco \$125 million term loan.

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Sources and Uses

The Company's principal sources of funds are expected to be operating revenues, cash on hand, funds available for borrowing under the Credit Agreement, the Mafco \$65 million line of credit, the 2004 Mafco \$125 million term loan and other permitted lines of credit. (See **Note 10 to the Unaudited Consolidated Condensed Financial Statements**). The Credit Agreement, the Mafco \$65 million line of credit, the 2004 Mafco \$125 million term loan, Products Corporation's 12% Senior Secured Notes, Products Corporation's 8 5/8% Senior Subordinated Notes due 2008 (the "8 5/8% Senior Subordinated Notes"), Products Corporation's 8 1/8% Senior Notes due 2006 (the "8 1/8% Senior Notes") and Products Corporation's 9% Senior Notes due 2006 (the "9% Senior Notes") contain certain provisions that by their terms limit Products Corporation's 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 implementation of, and refinement to, the Company's plan, purchases of permanent wall displays, capital expenditure requirements, payments in connection with the Company's restructuring programs referred to herein and debt service payments and costs. Cash contributions to the Company's pension plans were \$21 in 2003 and the Company expects them to be approximately \$40 in 2004.

The Company has undertaken a number of programs to efficiently manage its cash and working capital including, among other things, programs to carefully manage and reduce inventory levels, centralized purchasing to secure discounts and efficiencies in procurement, and providing additional discounts to U.S. customers for more timely payment of receivables and careful management of accounts payable.

The Company previously estimated that charges related to the implementation of its plan for 2002, 2003 and 2004 would not exceed \$160. The Company recorded charges of approximately \$104 in 2002 and approximately \$31 in 2003 related to the implementation of the stabilization and growth phase of its plan. The Company currently does not expect to record any additional charges during 2004 in connection with its plan. The Company expects that cash payments related to the foregoing charges that it has previously recorded with respect to its plan will be approximately \$100 during 2003 and 2004, of which the Company paid approximately \$80 in 2003 and approximately \$5 in the first quarter of 2004.

The Company developed a new design for its wall displays (which the Company is continuing to refine as part of the implementation of its plan) and began installing them at certain customers' retail stores during 2002, which it continued during 2003 and 2004. While most of the new wall displays were installed during 2002 and 2003, the Company is continuing to install the remainder of the new wall displays during 2004. The Company is also reconfiguring existing wall displays at its retail customers. Accordingly, the Company has accelerated the amortization of its old wall displays. The Company estimates that purchases of wall displays for 2004 will be approximately \$50 to \$60.

The Company estimates that capital expenditures for 2004 will be approximately \$20 to \$25. The Company estimates that cash payments related to the restructuring programs referred to in Note 6 to the Unaudited Consolidated Condensed Financial Statements and executive separation costs will be approximately \$15 to \$22 in 2004.

The Company expects that operating revenues, cash on hand and funds available for borrowing under the Credit Agreement, the Mafco \$65 million line of credit, the 2004 Mafco \$125 million term loan and other permitted lines of credit will be sufficient to enable the Company to cover its operating expenses, including cash requirements in connection with the Company's operations, the continued implementation of, and refinement to, the Company's plan, cash requirements in connection with the Company's restructuring programs referred to above and the Company's debt service requirements for 2004. (See **Note 10 to the Unaudited Consolidated Condensed Financial Statements**). The U.S.

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mass-market color cosmetics category during 2003 and the first quarter of 2004 was softer than expected. Despite this softness in the U.S. mass-market color cosmetics category, based upon the Company's belief that its continued implementation of its plan is proving effective, the Company intends to continue to support its plan. To help fund the costs and expenses of the continued implementation of the Company's plan, in July 2003, MacAndrews Holdings agreed to make available to Products Corporation in 2003 the full \$65 under the Mafco \$65 million line of credit, \$25 of which was scheduled to become available on January 1, 2004. Additionally, MacAndrews & Forbes has provided Products Corporation with the 2004 Mafco \$125 million term loan, which is on terms that are substantially the same as the Mafco \$100 million term loan (the latter of which was fully converted into equity in connection with the Revlon Exchange Transactions). As of May 3, 2004, Products Corporation had drawn \$270.0 under the Credit Agreement, none of the Mafco \$65 million line of credit and none of the 2004 Mafco \$125 million term loan. **(See Note 10 to the Unaudited Consolidated Condensed Financial Statements for important information concerning the Mafco \$100 million term loan, Mafco \$65 million line of credit and the 2004 Mafco \$125 million term loan).** The Credit Agreement, the Mafco \$65 million line of credit and the 2004 Mafco \$125 million term loan are intended to continue to help fund the continued implementation of, and refinement to, the Company's plan and to decrease the risk that would otherwise exist if the Company were to fail to meet its debt and ongoing obligations as they become due in 2004 and 2005. However, there can be no assurance that such funds will be sufficient to meet the Company's cash requirements on a consolidated basis. If the Company's anticipated level of revenue growth is not achieved because, for example, of decreased consumer spending in response to weak economic conditions or weakness in the cosmetics category, increased competition from the Company's competitors or the Company's marketing plans are not as successful as anticipated, or if the Company's expenses associated with the continued implementation of, and refinement to, the Company's plan exceed the anticipated level of expenses, the Company's current sources of funds may be insufficient to meet the Company's cash requirements. Additionally, in the event of a decrease in demand for Products Corporation's products or reduced sales or lack of increases in demand and sales as a result of the continued implementation of, and refinement to, the Company's plan, such development, if significant, could reduce Products Corporation's operating revenues and could adversely affect Products Corporation's ability to achieve certain financial covenants under the Credit Agreement and in such event the Company could be required to take measures, including reducing discretionary spending. If the Company is unable to satisfy such cash requirements from these sources, the Company could be required to adopt one or more alternatives, such as delaying the implementation of or revising aspects of its plan, reducing or delaying purchases of wall displays or advertising or promotional expenses, reducing or delaying capital spending, delaying, reducing or revising restructuring programs, restructuring indebtedness, selling assets or operations, seeking additional capital contributions or loans from MacAndrews & Forbes, the Company's other affiliates and/or third parties, selling additional equity or debt securities of Revlon, Inc. or reducing other discretionary spending. The Company will have substantial debt maturing in 2005, which will require refinancing, consisting of \$309.9 (assuming the maximum amount is borrowed) under the Credit Agreement and \$363.0 of 12% Senior Secured Notes, as well as any amounts borrowed under the Mafco \$65 million line of credit and the 2004 Mafco \$125 million term loan. **(See Note 10 to the Unaudited Consolidated Condensed Financial Statements for important information concerning recent amendments to the Credit Agreement).** **(See Note 12 to the Unaudited Consolidated Condensed Financial Statements).**

Products Corporation's EBITDA, as defined in the Credit Agreement, was approximately \$144.4 for the four quarters ended December 31, 2003. As a result, Products Corporation would not have been in compliance with the Credit Agreement's EBITDA and leverage ratio covenants, had they been in effect at that time. The Company expects that Products Corporation will need to seek a further amendment to the Credit Agreement or a waiver of the EBITDA and leverage ratio covenants under the Credit Agreement prior to the expiration of the existing waiver on January 31, 2005 because the Company does not expect that its operating results, including after giving effect to various actions under the Company's

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plan, will allow Products Corporation to satisfy those covenants for the four consecutive fiscal quarters ending December 31, 2004. The minimum EBITDA required to be maintained by Products Corporation under the Credit Agreement was \$230 for each of the four consecutive fiscal quarters ending on December 31, 2003 (which covenant was waived through January 31, 2004 and thereafter eliminated for the four quarters ending March 31, 2004, June 30, 2004 and September 30, 2004) and \$250 for any four consecutive fiscal quarters ending December 31, 2004 and thereafter (which covenant was waived through January 31, 2005). The leverage ratio covenant under the Credit Agreement will permit a maximum ratio of 1.10:1.00 for any four consecutive fiscal quarters ending on or after December 31, 2003 (which limit was eliminated for the four quarters ending March 31, 2004, June 30, 2004 and September 30, 2004 and waived through January 31, 2005 for the four fiscal quarters ending December 31, 2004). In addition, after giving effect to the January 2004 Bank Amendment, the Credit Agreement also contains a \$20 minimum liquidity covenant. While the Company expects that Products Corporation's bank lenders will consent to such amendment or waiver, there can be no assurance that they will or that they will do so on terms that are favorable to the Company. If the Company is unable to obtain such amendment or waiver, it could be required to refinance the Credit Agreement or repay it with proceeds from the sale of assets or operations, or additional capital contributions and/or loans from MacAndrews & Forbes, the Company's other affiliates and/or third parties or the sale of additional equity or debt securities of Revlon, Inc. In the event that Products Corporation is unable obtain such a waiver or amendment and Products Corporation were not able to refinance or repay the Credit Agreement, Products Corporation's inability to meet the financial covenants for the four consecutive fiscal quarters ending December 31, 2004 would constitute an event of default under Products Corporation's Credit Agreement, which would permit the bank lenders to accelerate the Credit Agreement, which in turn would constitute an event of default under the indentures governing Products Corporation's 12% Senior Secured Notes, 9% Senior Notes, 8 1/8% Senior Notes and 8 5/8% Senior Subordinated Notes if the amount accelerated exceeds \$25.0 and such default remains uncured within 10 days of notice from the trustee under the applicable indenture. Further, the lenders under Products Corporation's Credit Agreement could proceed against the collateral securing indebtedness under the Credit Agreement. If these lenders were to foreclose upon this collateral, which includes the capital stock of Products Corporation, the value of Revlon, Inc.'s Common Stock would be substantially diminished or eliminated. **(See "The 2004 Debt Reduction Transactions" above and Note 12 to the Unaudited Consolidated Condensed Financial Statements).**

There can be no assurance that the Company would be able to complete the 2004 Refinancing Transactions or would be able to take any of the actions referred to in the preceding two paragraphs because of a variety of commercial or market factors or constraints in the Company's debt instruments, including, for example, Products Corporation's inability to reach agreement with its bank lenders on refinancing terms that are acceptable to the Company before the waiver of its financial covenants expires on January 31, 2005, market conditions being unfavorable for an equity or debt offering, or that the transactions may not be permitted under the terms of the Company's various debt instruments then in effect, because of restrictions on the incurrence of debt, incurrence of liens, asset dispositions and related party transactions. In addition, such actions, if taken, may not enable the Company to satisfy its cash requirements if the actions do not generate a sufficient amount of additional capital.

Revlon, Inc., as a holding company, will be dependent on the earnings and cash flow of, and dividends and distributions from, Products Corporation to pay its expenses and to pay any cash dividend or distribution on Revlon, Inc.'s Class A Common Stock that may be authorized by the Board of Directors of Revlon, Inc. The terms of the Credit Agreement, the Mafco \$65 million line of credit, the 2004 Mafco \$125 million term loan, the 12% Senior Secured Notes, the 8 5/8% Senior Subordinated Notes, the 8 1/8% Senior Notes and the 9% Senior Notes generally restrict Products Corporation from paying dividends or making distributions, except that Products Corporation is permitted to pay dividends and make distributions to Revlon, Inc., among other things, to enable Revlon, Inc. to pay expenses incidental to

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being a public holding company, including, among other things, professional fees such as legal and accounting fees, regulatory fees such as Commission filing fees and other miscellaneous expenses related to being a public holding company and, subject to certain limitations, to pay dividends or make distributions in certain circumstances to finance the purchase by Revlon, Inc. of its Class A Common Stock in connection with the delivery of such Class A Common Stock to grantees under the Revlon, Inc. Stock Plan.

As a result of the closing of the Revlon Exchange Transactions, as of the end of the day on March 25, 2004, Revlon Inc., Products Corporation and its U.S. subsidiaries were no longer included in the Mafco Group for federal income tax purposes. The Code and the Treasury regulations issued thereunder govern both the calculation of the amount and allocation to the members of the Mafco Group of any CNOLs that will be available to offset the Company's taxable income and the taxable income of its U.S. subsidiaries for the taxable years beginning after March 25, 2004. It is impossible to estimate accurately the amount of CNOLs that will be allocated to the Company as of December 31, 2004 because various factors could increase or decrease or eliminate these amounts. These factors include, but are not limited to, the amount and nature of the income, gains or losses that the other members of the Mafco Group recognize in the 2004 taxable year because any CNOLs are, pursuant to Treasury regulations, used to offset the taxable income of the Mafco Group for the entire consolidated return year ending December 31, 2004. Only the amount of any CNOLs that the Mafco Group does not absorb by December 31, 2004 will be available to be allocated to the Company and its U.S. subsidiaries for the Company's taxable years beginning on March 26, 2004. Subject to the foregoing, it is currently estimated that the Company would have approximately \$330 in U.S. federal net operating losses and nil for alternative minimum tax losses available to the Company as of March 25, 2004. Any losses that the Company and its U.S. subsidiaries may generate after March 25, 2004 will be available to the Company for its use and its U.S. subsidiaries' use and will not be available for the use of the Mafco Group. Following the closing of the Revlon Exchange Transactions, Revlon, Inc. became the parent of a new consolidated group for federal income tax purposes and Products Corporation's federal taxable income and loss will be included in such group's consolidated tax returns. Accordingly, Revlon, Inc. and Products Corporation entered into a new tax sharing agreement pursuant to which Products Corporation will be required to pay to Revlon, Inc. amounts equal to the taxes that Products Corporation would otherwise have had to pay if Products Corporation were to file separate federal, state or local income tax returns, limited to the amount, and payable only at such times, as Revlon, Inc. will be required to make payments to the applicable taxing authorities.

As a result of dealing with suppliers and vendors in a number of foreign countries, Products Corporation enters into foreign currency forward exchange contracts and option contracts from time to time to hedge certain cash flows denominated in foreign currencies. There were foreign currency forward exchange contracts with a notional amount of \$60.8 outstanding at March 31, 2004. The fair value of foreign currency forward exchange contracts outstanding at March 31, 2004 was \$(0.4).

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Disclosures about Contractual Obligations and Commercial Commitments

There have been no material changes (with the exception of the elimination of approximately \$804 in debt in conjunction with the Revlon Exchange Transactions) outside the ordinary course of the Company's business to the Company's total contractual cash obligations which are set forth in the table included in the Company's Annual Report on Form 10-K for the year ended December 31, 2003. (See Note 10 to the Unaudited Consolidated Condensed Financial Statements). The following table reflects the materially reduced long-term debt obligations after the Revlon Exchange Transactions:

Contractual Obligations As of March 31, 2004	Payments Due by Period (dollars in millions)				After 5 years
	Total	Less than 1 year	1-3 years	4-5 years	
Long-term Debt	\$1,103.6	Nil	\$776.6	\$327.0	Nil

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.

Effect of Proposed Accounting Standard

In April 2003, the FASB announced it will require all companies to expense the fair value of employee equity-based awards. The FASB issued an exposure draft in the first quarter of 2004 that could become effective in 2005. Until a new statement is issued, the provisions of APB Opinion No. 25 and SFAS No. 123 will remain in effect. The Company will evaluate the impact of any new statement regarding employee equity-based awards when a new statement is issued.

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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 use of derivative financial instruments and foreign exchange forward and option contracts. The Company does not hold or issue financial instruments for trading purposes. The qualitative and quantitative information presented in Item 7A of the Company's Annual Report on Form 10-K for the year ended December 31, 2003 ("Item 7A") describes significant aspects of the Company's financial instrument programs that have material market risk as of December 31, 2003. The following table presents the information required by Item 7A as of March 31, 2004:

	Expected maturity date for the year ended December 31,						Total	Fair Value March 31, 2004
	2004	2005	2006	2007	2008	Thereafter		
	(dollars in millions)							
Debt								
Short-term variable rate (various currencies)	\$29.8						\$ 29.8	\$ 29.8
Average interest rate (a)	3.4%							
Long-term fixed rate – third party (US\$)		\$357.1	\$191.7		\$327.0		875.8	870.7
Average interest rate		12.0%	8.5%		8.6%			
Long-term variable rate – third party (US\$)		224.4*					224.4	224.4
Average interest rate (a)		6.7%						
Long-term variable rate – third party (various currencies)			3.4*				3.4	3.4
Average interest rate (a)			9.5%					
Total debt	<u>\$29.8</u>	<u>\$584.9</u>	<u>\$191.7</u>	<u>\$—</u>	<u>\$327.0</u>	<u>\$—</u>	<u>\$1,133.4</u>	<u>\$1,128.3</u>

	Average Contractual Rate S/FC	Original US Dollar Notional Amount	Contract Value March 31, 2004	Fair Value March 31, 2004
Forward Contracts				
Sell Hong Kong Dollars/Buy USD	0.1287	\$ 0.2	\$ 0.2	\$ —
Buy Euros/Sell USD	1.2152	4.1	4.1	—
Sell British Pounds/Buy USD	1.7999	6.4	6.4	—
Sell Australian Dollars/Buy USD	0.7531	12.6	12.7	0.1
Sell Canadian Dollars/Buy USD	0.7515	20.0	19.8	(0.2)
Sell South African Rand/Buy USD	0.1431	6.9	6.5	(0.4)
Buy Australian Dollars/Sell New Zealand Dollars	1.1219	4.9	5.0	0.1
Buy British Pounds/Sell Euros	0.6737	5.7	5.7	—
Total forward contracts		<u>\$60.8</u>	<u>\$60.4</u>	<u>\$(0.4)</u>

(a) Weighted average variable rates are based upon implied forward rates from the yield curves at March 31, 2004.

* Represents Products Corporation's Credit Agreement which matures in May 2005.

Item 4. Controls and Procedures

(a) Disclosure Controls and Procedures. 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 defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the fiscal period covered by this Quarterly Report on Form 10-Q. Based upon such evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of

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the end of such period, the Company's disclosure controls and procedures are effective in recording, processing, summarizing and reporting information required to be disclosed by the Company in the reports it files or submits under the Exchange Act within the time periods specified in the Commission's rules and forms.

(b) Internal Control Over Financial Reporting. There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal period covered by this Quarterly Report on Form 10-Q 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 quarter ended March 31, 2004, as well as other public documents and statements of the Company, contain forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from those discussed in such forward-looking statements. Such statements include, without limitation, the Company's expectations and estimates (whether qualitative or quantitative) as to:

- (i) the Company's plans to update its retail presence and improve the marketing effectiveness of its retail wall displays by installing newly-reconfigured wall displays and reconfiguring existing wall

- displays at its retail customers (and its estimates of the costs of such wall displays, the effects of such plans on the accelerated amortization of existing wall displays and the estimated amount of such amortization);
- (ii) the Company's plans to increase its advertising and media spending and improve the effectiveness of its advertising;
- (iii) the Company's plans to introduce new products and further strengthen its new product development process;
- (iv) the Company's plans to streamline its product assortment and reconfigure product placement on its wall displays and selectively adjust prices on certain of its products;
- (v) the Company's plans to implement comprehensive programs to develop and train its employees;
- (vi) the Company's future financial performance, including the Company's belief that its plan is proving effective and that it has strengthened its organizational capability (and its expectation to do so in 2004) and that it has strengthened its relationships with its key retailers in the U.S.;
- (vii) the effect on sales of political and/or economic conditions, political uncertainties, military actions, terrorist activities, adverse currency fluctuations, competitive activities and category weakness;
- (viii) the charges and the cash costs resulting from implementing and refining the Company's plan and the timing of such costs, as well as the Company's expectations as to improved revenues and achieving profitability over the long term as a result of such phase of its plan and the Company's plans to continue to fund brand support;
- (ix) the Company's plans regarding the continued growth momentum and accelerated growth phase of its plan, with the objective of improving its operating profit margins;
- (x) the Company's plans to further improve the new product development and implementation process;
- (xi) the Company's plans to continue to increase the effectiveness and reduce the cost of its display walls;

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- (xii) the Company's plans to drive efficiencies across its overall supply chain, including reducing manufactory costs by streamlining components and sourcing strategically;
- (xiii) the Company's plans to optimize the effectiveness of its marketing and promotions and merchandiser coverage;
- (xiv) restructuring activities, restructuring costs, the timing of restructuring payments and annual savings and other benefits from such activities;
- (xv) operating revenues, cash on hand and availability of borrowings under the Mafco \$65 million line of credit, the 2004 Mafco \$125 million term loan, Products Corporation's Credit Agreement and other permitted lines of credit being sufficient to satisfy the Company's cash requirements in 2004, and the availability of funds from Products Corporation's Credit Agreement, the Mafco \$65 million line of credit, the 2004 Mafco \$125 million term loan and other permitted lines of credit, restructuring indebtedness, selling assets or operations, capital contributions and/or loans from MacAndrews & Forbes, the Company's other affiliates and/or third parties and/or the sale of additional equity or debt securities of Revlon, Inc.;
- (xvi) the Company's uses of funds, including amounts required for the payment of operating expenses, including expenses in connection with the continued implementation of, and refinement to, the Company's plan, such as the purchase and reconfiguration of wall displays and increases in advertising and media, capital expenditure requirements, including charges and costs in connection with the ERP System, payments in connection with the Company's restructuring programs and debt service payments, and its estimates of operating expenses, working capital expenses, wall display costs, capital expenditures, restructuring costs and debt service payments (including payments required under Products Corporation's debt instruments);
- (xvii) matters concerning the Company's market-risk sensitive instruments;
- (xviii) the effects of the Company's adoption of certain accounting principles;
- (xix) Products Corporation obtaining a further waiver or amendment of various provisions of its Credit Agreement, including the EBITDA and leverage ratio covenants, or refinancing or repaying such debt before January 31, 2005 in the event such waiver or amendment is not obtained;
- (xx) the Company's plan to refinance certain of Products Corporation's debt and the amounts and timing of such transactions and the estimated impact of such transactions on the Company's financial performance; and
- (xxi) the Company's plan to efficiently manage its cash and working capital, including, among other things, by carefully managing and reducing inventory levels, centralizing purchasing to secure discounts and efficiencies in procurement, and providing additional discounts to U.S. customers for more timely payment of receivables and carefully managing accounts payable.

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 "believes," "expects," "estimates," "projects," "forecast," "may," "will," "should," "seeks," "plans," "scheduled to," "anticipates" or "intends" or the negative of those terms, or other variations of those terms or comparable language, or by discussions of strategy 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

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Company makes in its Quarterly Reports on Form 10-Q filed in 2004 and Current Reports on Form 8-K filed with the Commission in 2004 (which, among other places, can be found on the Commission's website at <http://www.sec.gov>, as well as on the Company's website at www.revloninc.com). 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. In addition to factors that may be described in the Company's filings with the Commission, including this filing, the following factors, among others, could cause the Company's actual results to differ materially from those expressed in any forward-looking statements made by the Company:

- (i) difficulties or delays or unanticipated costs associated with improving the marketing effectiveness of the Company's wall displays;
- (ii) difficulties or delays in, or unanticipated costs associated with, developing and/or presenting the Company's increased advertising programs and/or improving the effectiveness of its advertising;
- (iii) difficulties or delays in, or unanticipated costs associated with, developing and introducing new products or failure of the Company's customers to accept new product offerings and/or in further strengthening the Company's new product development process;
- (iv) difficulties or delays in, or unanticipated costs associated with, implementing the Company's plans to streamline its product assortment and reconfigure product placement on its wall displays and selectively adjust prices on certain of its products;
- (v) difficulties or delays in, or unanticipated costs associated with, implementing comprehensive programs to train the Company's employees;
- (vi) unanticipated circumstances or results affecting the Company's financial performance, including decreased consumer spending in response to weak economic conditions or weakness in the category, changes in consumer preferences, such as reduced consumer demand for the Company's color cosmetics and other current products, and actions by the Company's competitors, including business combinations, technological breakthroughs, new products offerings, promotional spending and marketing and promotional successes, including increases in market share;
- (vii) the effects of and changes in political and/or economic conditions, including inflation, monetary conditions, military actions and terrorist activities, and in trade, monetary, fiscal and tax policies in international markets;
- (viii) unanticipated costs or difficulties or delays in completing projects associated with the continued implementation of, and refinement to, the Company's plan or lower than expected revenues or inability to achieve profitability over the long term as a result of such plan;
- (ix) difficulties, delays or unanticipated costs in implementing the Company's plans regarding the accelerated growth phase of its plan, with the objective of improving its operating profit margins;
- (x) difficulties, delays or unanticipated costs in implementing the Company's plans to further improve the new product development and implementation process;
- (xi) difficulties, delays or unanticipated costs in implementing the Company's plans to continue to increase the effectiveness and reduce the cost of its display walls;
- (xii) difficulties, delays or unanticipated costs in implementing the Company's plans to drive efficiencies across its overall supply chain, including reducing manufactory costs by streamlining components and sourcing strategically;

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- (xiii) difficulties, delays or unanticipated costs in implementing the Company's plans to optimize the effectiveness of its marketing and promotions or merchandiser coverage;
- (xiv) difficulties, delays or unanticipated costs or less than expected savings and other benefits resulting from the Company's restructuring activities;
- (xv) lower than expected operating revenues, the inability to secure capital contributions or loans from MacAndrews & Forbes, the Company's other affiliates and/or third parties, or the unavailability of funds under Products Corporation's Credit Agreement, the Mafco \$65 million line of credit, the 2004 Mafco \$125 million term loan or other permitted lines of credit;
- (xvi) higher than expected operating expenses, sales returns, working capital expenses, wall display costs, capital expenditures, restructuring costs or debt service payments;
- (xvii) interest rate or foreign exchange rate changes affecting the Company and its market sensitive financial instruments;
- (xviii) unanticipated effects of the Company's adoption of certain new accounting standards;

- (xix) difficulties, delays or inability to obtain a further waiver or amendment of the EBITDA and leverage ratio covenants under the Credit Agreement or refinancing or repaying such debt on or before January 31, 2005 in the event such waiver or amendment is not obtained;
- (xx) difficulties, delays or the inability of the Company to refinance certain of Products Corporation's debt including the inability to issue equity or debt securities, including Revlon, Inc. Class A Common Stock, for cash or in exchange for indebtedness of Products Corporation and difficulties, delays or the inability of the Company to consummate the remaining Debt Reduction Transactions and to secure any required Board, stockholder, lender or regulatory approvals; and
- (xxi) difficulties, delays or the inability of the Company to efficiently manage its cash and working capital.

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

In January 2004, the Company adopted a comprehensive corporate governance program, including Corporate Governance Guidelines for the Board, Board Guidelines for Assessing Director Independence and new charters for the Company's Audit and Compensation Committees. The Company maintains a corporate investor relations website, www.revloninc.com, where stockholders and other interested persons may review, among other things, the Company's corporate governance materials and certain SEC filings (such as the Company'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 executive officers, and certain other documents filed with the Commission), each of which are generally available on such site on the same business day as the filing date with the Commission. In addition, under the section of the website entitled, "Corporate Governance," the Company posts the latest versions of its Corporate Governance Guidelines, Board Guidelines for Assessing Director Independence, charters for the Company's Audit Committee, Nominating Committee and Compensation Committee, as well as the Company's Code of Business Conduct, which includes the Company's Code of Ethics for Senior Financial Officers, each of which the Company will provide in print, without charge, upon written request to Robert K. Kretzman, Executive Vice President and Chief Legal Officer, Revlon, Inc., 237 Park Avenue, New York NY, 10017.

REVLON, INC. AND SUBSIDIARIES

PART II — OTHER INFORMATION

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities.

Changes in Securities

Immediately prior to the consummation of the Revlon Exchange Transactions, Revlon amended its certificate of incorporation to increase the number of authorized shares of Class A Common Stock from 350 million to 900 million and, accordingly, to increase the total number of authorized shares of capital stock from 570 million to 1,120 million. The availability of additional authorized shares of Class A Common Stock will provide Revlon with greater flexibility to issue Class A Common Stock for a variety of corporate purposes, without the delay and expense associated with convening a special stockholders' meeting. Any future issuance of additional authorized shares of Class A Common Stock could, among other things, dilute the earnings per share of the Class A Common Stock and the equity and voting rights of those stockholders holding Class A Common Stock at the time additional shares, if any, are issued.

Recent Sales of Unregistered Securities

As described above, on March 25, 2004, Revlon, Inc. consummated the Revlon Exchange Transactions. As a result of the consummation of these transactions, approximately \$133.8 principal amount of the 8 1/8% Senior Notes, approximately \$174.5 principal amount of the 9% Senior Notes and approximately \$322.9 principal amount of the 8 5/8% Senior Subordinated Notes were exchanged for an aggregate of 224,133,372 shares of Class A Common Stock, including such shares issued in exchange for accrued interest on the Revlon Exchange Notes. This issuance was conducted pursuant to Section 3(a)(9) of the Securities Act of 1933, as amended (the "Securities Act").

MacAndrews & Forbes also exchanged approximately \$109.7 of existing indebtedness (including principal and accrued interest) under the Mafco \$100 million term loan for 43,860,730 shares of Class A Common Stock, approximately \$38.9 of existing indebtedness (including principal and accrued interest) under the 2004 Mafco \$125 million term loan for 15,579,882 shares of Class A Common Stock and approximately \$24.1 of indebtedness under certain subordinated promissory notes payable to MacAndrews & Forbes for 7,226,176 shares of Class A Common Stock. REV Holdings exchanged all of Revlon, Inc.'s previously outstanding Series A Preferred Stock for 8,736,000 shares of Class A Common Stock and converted all of its shares of Revlon, Inc.'s previously outstanding Series B Preferred Stock into 433,333 shares of Class A Common Stock. This issuance of the 75,836,121 shares referred to in this paragraph, in the aggregate, was conducted pursuant to Section 4(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder. The investors were all "accredited investors" as defined in Rule 501 of Regulation D. A Notice on Form D with respect to this issuance was timely filed with the Commission.

Item 4. Submission of Matters to a Vote of Security Holders.

On March 3, 2004 Revlon, Inc. filed with the Commission a Schedule 14C Information Statement pursuant to Section 14(c) of the Securities Exchange Act of 1934, as amended, notifying stockholders of record of Revlon, Inc. of an action taken by the written consent of Revlon, Inc.'s majority stockholders to authorize the following matters: (i) the issuance of a minimum of approximately 265 million and a maximum of approximately 486 million shares of Revlon, Inc.'s Class A Common Stock in connection with the Debt Reduction Transactions; (ii) an amendment to Revlon, Inc.'s certificate of incorporation to increase the number of authorized shares of Class A Common Stock from 350 million to 900 million; and (iii) an amendment to Revlon, Inc.'s certificate of incorporation to eliminate its shares of Series A Preferred Stock, which occurred upon Revlon, Inc.'s consummation of the Revlon Exchange Transactions. The written consent of Revlon, Inc.'s majority stockholders effecting the foregoing matters became effective on March 23, 2004 and the Revlon Exchange Transactions were consummated on March 25, 2004.

REVLON, INC. AND SUBSIDIARIES

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

- 3.1 Restated Certificate of Incorporation of Revlon, Inc. dated April 30, 2004. Filed herewith.
- 3.2 Amended and Restated By-laws of Revlon, Inc. dated as of March 22, 2004. Filed herewith.
- 10.27 Tax Sharing Agreement, dated as of March 26, 2004, by and among Revlon, Inc., Products Corporation and certain subsidiaries of Products Corporation (incorporated by reference to Exhibit 10.25 to the Quarterly Report on Form 10-Q of Products Corporation for the quarterly period ended March 31, 2004).
- 31.1 Section 302 CEO certification. Filed herewith.
- 31.2 Section 302 CFO certification. Filed herewith.
- 32.1 Section 906 CEO certification. Furnished herewith.
- 32.2 Section 906 CFO certification. Furnished herewith.

(b) Reports on Form 8-K

On January 29, 2004, the Company filed with the Commission a current report on Form 8-K disclosing under Item 5, "Other Events and Regulation FD Disclosure" a press release announcing the January 2004 amendment of Products Corporation's Credit Agreement which included copies of Products Corporation's Third Amendment and Second Waiver Agreement dated as of January 28, 2004 to its Credit Agreement and its \$125 Million Senior Unsecured Multiple-Draw Term Loan Agreement dated as of January 28, 2004 with MacAndrews Holdings.

On February 12, 2004, the Company filed with the Commission a current report on Form 8-K disclosing under Item 12, "Results of Operations and Financial Condition" the Company's press release announcing its earnings for the fiscal quarter and fiscal year ended December 31, 2003.

On February 12, 2004, the Company filed with the Commission a current report on Form 8-K disclosing under Item 5, "Other Events and Regulation FD Disclosure" the Company's press release announcing its Debt Reduction Transactions and which included copies of certain related documents.

On February 18, 2004, the Company filed with the Commission a current report on Form 8-K disclosing under Item 9, "Regulation FD Disclosure" certain information that was previously non-public information.

On February 19, 2004, the Company filed with the Commission a current report on Form 8-K disclosing under Item 9, "Regulation FD Disclosure" certain material, non-public information provided to the public at an Investors Conference held by the Company on February 18, 2004, advance notice of which was publicly announced via a press release on February 12, 2004.

On February 23, 2004, the Company filed with the Commission a current report on Form 8-K disclosing under Item 5, "Other Events and Regulation FD Disclosure" the Amendment dated as of February 20, 2004 to the Support Agreement, dated as of February 11, 2004, between Revlon, Inc. and Mafco Holdings, the Amendment dated as of February 20, 2004, to the Support Agreement, dated as of February 11, 2004, between the Company and Fidelity, the Stockholders Agreement, dated as of February 20, 2004 between the Company and Fidelity and the Investment Agreement, dated as of February 20, 2004, between the Company and Mafco Holdings.

On February 24, 2004, the Company filed with the Commission a current report on Form 8-K disclosing under Item 9 "Regulation FD Disclosure" the Company's press release announcing the commencement of its offer to exchange any and all of Products Corporation's 8 1/8% Senior Notes, 9%

REVLON, INC. AND SUBSIDIARIES

Senior Notes and 8 5/8% Senior Subordinated Notes (the "Notes Exchange Offers") pursuant to the Offering Circular dated February 20, 2004. A copy of such Offering Circular and certain ancillary documents were also attached thereto.

On March 23, 2004, the Company filed with the Commission a current report on Form 8-K disclosing under Item 5, "Other Events and Regulation FD Disclosure" a press release announcing the expiration and the results of the Notes Exchange Offers.

On March 26, 2004, the Company filed with the Commission a current report on Form 8-K disclosing under Item 5, "Other Events and Regulation FD Disclosure" a press release announcing, among other things, the consummation of the Revlon Exchange Transactions and certain ancillary transactions related thereto.

On April 19, 2004, the Company filed with the Commission a current report on Form 8-K disclosing under Item 9, "Regulation FD Disclosure" the Company's press release announcing the commencement by Products Corporation of cash tender offers to purchase any and all of Products Corporation's outstanding 12% Senior Secured Notes, 8 1/8% Senior Notes and 9% Senior Notes.

On April 29, 2004, the Company filed with the Commission a current report on Form 8-K disclosing under Item 5, "Other Events and Regulation FD Disclosure" a press release announcing Products Corporation's intent to conduct a private placement of \$400 in aggregate principal amount of senior unsecured notes due 2011. The press release also announced that Products Corporation expected to enter into a new amended and restated credit agreement, to replace its existing Credit Agreement.

On April 29, 2004, the Company filed with the Commission a current report on Form 8-K disclosing under Item 12, "Results of Operation and Financial Condition" the Company's press release announcing its earnings for the fiscal quarter ended March 31, 2004.

On April 30, 2004, the Company filed with the Commission a current report on Form 8-K disclosing under Item 5, "Other Events and Regulation FD Disclosure" a press release announcing that approximately 97% of the total issued and outstanding principal amount of Products Corporation's 12% Senior Secured Notes had been tendered in connection with Products Corporation's tender offer and consent solicitation commenced on April 16, 2004 and announcing the termination of withdrawal rights and the extension of the period to receive the consent payment through May 14, 2004 at 5:00 p.m. EDT.

On May 3, 2004, the Company filed with the Commission a current report on Form 8-K disclosing under Item 9, "Regulation FD Disclosure" certain financial and other information that Products Corporation provided to certain institutions.

On May 3, 2004, the Company filed with the Commission a current report on Form 8-K disclosing under Item 9, "Regulation FD Disclosure" certain financial and other information provided by Products Corporation in

REVLON, INC. AND SUBSIDIARIES

SIGNATURES

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: May 17, 2004

REVLON, INC.

Registrant

By: /s/ Thomas E. McGuire

Thomas E. McGuire
Executive Vice President
and Chief Financial Officer

By: /s/ John F. Matsen, Jr.

John F. Matsen, Jr.
Senior Vice President and
Corporate Controller

RESTATED
 CERTIFICATE OF INCORPORATION
 OF
 REVLON, INC.

Revlon, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware (the "GCL"), does hereby certify as follows:

(1) The present name of the Corporation is Revlon, Inc. The Corporation was originally incorporated under the name "New Revlon, Inc." and its original certificate of incorporation was filed with the office of the Secretary of State of the State of Delaware on April 24, 1992 (as amended, supplemented and/or restated to date, the "Certificate of Incorporation").

(2) This Restated Certificate of Incorporation was duly adopted in accordance with Section 245 of the GCL.

(3) This Restated Certificate of Incorporation only restates and does not further amend the provisions of the Certificate of Incorporation and there is no discrepancy between those provisions and the provisions of this Restated Certificate of Incorporation.

(4) The text of the Certificate of Incorporation is restated in its entirety as follows:

FIRST : The name of the Corporation is REVLON, INC.

SECOND : The address of the registered office of the Corporation in the State of Delaware is 2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle. The name of its registered agent at that address is The Prentice-Hall Corporation System, Inc.

THIRD : The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the GCL.

FOURTH: Authorized Capital Stock. The Corporation is authorized to issue 1,120,000,000 shares of capital stock, of which 900,000,000 shares shall be shares of Class A Common Stock, \$.01 par value ("Class A Common Stock"), 200,000,000 shares shall be shares of Class B Common Stock, \$.01 par value ("Class B Common Stock" and, together with the Class A Common Stock, the "Common Stock"), and 20,000,000 shares shall be shares of Preferred Stock, \$.01 par value ("Preferred Stock").

(a) The powers, preferences and rights, and the qualifications, limitations and restrictions of each class of the Common Stock are as follows:

(1) Voting. At each annual or special meeting of stockholders, in the case of any written consent of stockholders in lieu of a meeting and for all other purposes, each holder of record of shares of Class A Common Stock on the relevant record date shall be entitled to one (1) vote for each share of Class A Common Stock standing in such person's name on the stock

transfer records of the Corporation, and each holder of record of Class B Common Stock on the relevant record date shall be entitled to ten (10) votes for each share of Class B Common Stock standing in such person's name on the stock transfer records of the Corporation. Except as otherwise required by law, and subject to the rights of holders of the Series A Preferred Stock, par value \$.01 per share (the "Series A Preferred Stock"), of the Corporation or any other series of Preferred Stock of the Corporation that may be issued from time to time, the holders of shares of Class A Common Stock and of shares of Class B Common Stock shall vote as a single class on all matters with respect to which a vote of the stockholders of the Corporation is required under applicable law, the Certificate of Incorporation of the Corporation, or the By-Laws of the Corporation, or on which a vote of stockholders is otherwise duly called for by the Corporation, including, but not limited to, the election of directors, matters concerning the sale, lease or exchange of all or substantially all of the property and assets of the Corporation, mergers or consolidations with another entity or entities, dissolution of the Corporation and amendments to the Certificate of Incorporation of the Corporation. Except as provided in this Article FOURTH or by applicable law, whenever applicable law, the Certificate of Incorporation of the Corporation or the By-Laws of the Corporation provide for the necessity of an affirmative vote of the stockholders entitled to cast at least a majority (or any other greater percentage) of the votes which all stockholders are entitled to cast thereon, or a "majority (or any other greater percentage) of the voting stock," or language of similar effect, any and all such language shall mean that the holders of shares of Class A Common Stock and the holders of shares of Class B Common Stock shall vote as one class and that a majority (or any other greater percentage) consists of a majority (or such other greater percentage) of the total number of votes entitled to be cast in accordance with the provisions of this Article FOURTH.

(i) Neither the holders of shares of Class A Common Stock nor the holders of shares of Class B Common Stock shall have cumulative voting rights.

(ii) The Corporation may, as a condition to counting the votes cast by any holder of shares of Class B Common Stock at any annual or special meeting of stockholders, in the case of any written consent of stockholders in lieu of a meeting, or for any other purpose, require the furnishing of such affidavits or other proof as it may reasonably request to establish that the shares of Class B Common Stock held by such holder have not, by virtue of the provisions of subparagraphs (b)(6) or (7) of this Article FOURTH, been converted into shares of Class A Common Stock.

(2) Dividends; Stock Splits. Subject to the rights of the holders of shares of any series of Preferred Stock, and subject to any other provisions of the Certificate of Incorporation of the Corporation, holders of shares of Class A Common Stock and shares of Class B Common Stock shall be entitled to receive such dividends and other distributions in cash, stock or property of the Corporation as may be declared thereon by the Board of Directors of the

Corporation (hereinafter referred to as the "Board") from time to time out of assets or funds of the Corporation legally available therefore. If at any time a dividend or other distribution in cash or other property (other than dividends or other distributions payable in shares of Common Stock or other voting securities or options or warrants to purchase shares of Common Stock or other voting securities or securities convertible into or exchangeable for

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shares of Common Stock or other voting securities) is paid on the shares of Class A Common Stock or shares of Class B Common Stock, a like dividend or other distribution in cash or other property shall also be paid on shares of Class B Common Stock or shares of Class A Common Stock, as the case may be, in an equal amount per share. If at any time a dividend or other distribution payable in shares of Common Stock or options or warrants to purchase shares of Common Stock or securities convertible into or exchangeable for shares of Common Stock is paid on shares of Class A Common Stock or Class B Common Stock, a like dividend or other distribution shall also be paid on shares of Class B Common Stock or Class A Common Stock, as the case may be, in an equal amount per share; provided that, for this purpose, if shares of Class A Common Stock or other voting securities, or options or warrants to purchase shares of Class A Common Stock or other voting securities or securities convertible into or exchangeable for shares of Class A Common Stock or other voting securities, are paid on shares of Class A Common Stock and shares of Class B Common Stock or voting securities identical to the other securities paid on the shares of Class A Common Stock (except that the voting securities paid on the Class B Common Stock may have ten (10) times the number of votes per share as the other voting securities to be received by the holders of the Class A Common Stock) or options or warrants to purchase shares of Class B Common Stock or such other voting securities or securities convertible into or exchangeable for shares of Class B Common Stock or such other voting securities, are paid on shares of Class B Common Stock, in an equal amount per share of Class A Common Stock and Class B Common Stock, such dividend or other distribution shall be deemed to be a like dividend or other distribution. In the case of any split, subdivision, combination or reclassification of shares of Class A Common Stock or Class B Common Stock, the shares of Class B Common Stock or Class A Common Stock, as the case may be, shall also be split, subdivided, combined or reclassified so that the number of shares of Class A Common Stock and Class B Common Stock outstanding immediately following such split, subdivision, combination or reclassification shall bear the same relationship to each other as did the number of shares of Class A Common Stock and Class B Common Stock outstanding immediately prior to such split, subdivision, combination or reclassification.

(3) Liquidation, Dissolution, etc. In the event of any liquidation, dissolution or winding up (either voluntary or involuntary) of the Corporation, the holders of shares of Class A Common Stock and the holders of shares of Class B Common Stock shall be entitled to receive the assets and funds of the Corporation available for distribution, after payments to creditors and to the holders of any Preferred Stock of the Corporation that may at the time be outstanding, in proportion to the number of shares held by them, respectively, without regard to class.

(4) Mergers, etc. In the event of any corporate merger, consolidation, purchase or acquisition of property or stock, or other reorganization in which any consideration is to be received by the holders of shares of Class A Common Stock or the holders of shares of Class B Common Stock, the holders of shares of Class A Common Stock and the holders of shares of Class B Common Stock shall receive the same consideration of a per share basis; provided that, if such consideration shall consist in any part of voting securities (or of options or warrants to purchase, or of securities convertible into or exchangeable for, voting securities), the holders of shares of Class B Common Stock may receive, on a per share basis, voting securities

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with ten (10) times the number of votes per share as those voting securities to be received by the holders of shares of Class A Common Stock (or options or warrants to purchase, or securities convertible into or exchangeable for, voting securities with ten (10) times the number of votes per share as those voting securities issuable upon exercise of the options or warrants to be received by the holders of the shares of Class A Common Stock, or into which the convertible or exchangeable securities to be received by the holders of the shares of Class A Common Stock may be converted or exchanged).

(5) No Preemptive or Subscription Rights. No holder of shares of Class A Common Stock or Class B Common Stock shall be entitled to preemptive or subscription rights.

(6) Transfer Restriction; Change of Control of Holders. Except as provided in subparagraph (b) (6) (iv) of this Article FOURTH, no person holding record ownership of shares of Class B Common Stock (hereinafter called a "Class B Holder") may transfer, and the Corporation shall not register the transfer of, such shares of Class B Common Stock, except to a Permitted Transferee of such Class B Holder. For the purposes hereof, a "Permitted Transferee" shall mean:

(1) In the case of Class B Holder who is a natural person, such Class B Holder's "Permitted Transferee" means (A) the present or former spouse of such Class B Holder, a lineal descendant of such Class B Holder or any ancestor of any such lineal descendant, or a lineal descendant of the present or former spouse of such Class B Holder, or (B) the trustee of a trust (including a voting trust) principally for the benefit of such Class B Holder and/or persons who are Permitted Transferees of such Class B Holder; provided that such trust may grant a general or special power of appointment to such Class B holder and/or any persons who are Permitted Transferees of such Class B Holder, and may permit trust assets to be used to pay taxes, legacies and other obligations of the trust or the estate of such Class B Holder and/or any persons who are Permitted Transferees of such Class B Holder, payable by reason of the death of such Class B Holder and/or any persons who are Permitted Transferees of such Class B Holder, and (C) the executor, administrator, guardian or personal representative of the estate of such Class B Holder.

(2) In the case of any Class B Holder, such Class B Holder's

"Permitted Transferee" means, in addition to any other Permitted Transferee hereunder, (A) a corporation, limited liability company or partnership controlled by such Class B Holder and/or persons who are Permitted Transferees of such Class B Holder; provided that if control of such a corporation, limited liability company or partnership (or of any survivor of a merger or consolidation of such a corporation, limited liability company or partnership), is acquired by any person who is not within such class of persons, each share of Class B Common Stock then held by such corporation, limited liability company or partnership, as the case may be, shall be deemed, without further act on the part of the holder thereof or the Corporation, to be converted into one share of Class A Common Stock, and stock certificates formerly representing each share of Class B Common Stock shall thereupon and thereafter be deemed to represent such number of shares of Class A Common Stock as equals the number of shares of Class A Common Stock into

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which such shares of Class B Common Stock could be converted pursuant to the terms hereof, and (B) the estate of a bankrupt or insolvent Class B Holder.

(3) In the case of a Class B Holder which is a trustee pursuant to a trust, such Class B Holder's "Permitted Transferee" means (A) the person who contributed the shares of Class B Common Stock in question to such trust (provided that there has been no change in control of such person other than to a Permitted Transferee of such person), and (B) a Permitted Transferee of the person (provided that there has been no change in control of such person other than to a Permitted Transferee of such person) who contributed the shares of Class B Common Stock in question to such trust.

(4) In the case of a Class B Holder which is a corporation or limited liability company, such Class B Holder's "Permitted Transferee" means any (A) direct or indirect controlling stockholder of such corporation or member of such limited liability company (but not any other stockholder of such corporation or member of such limited liability company), and (B) any Permitted Transferee of such controlling stockholder or member (as if such controlling stockholder or member were a Class B Holder), and the survivor of any merger or consolidation of such corporation or limited liability company; provided that, if control of such a corporation or limited liability company (or of any survivor of a merger or consolidation of such a corporation or limited liability company) is acquired by any person who is not within such class of persons, whether as a result of a merger or consolidation or otherwise, each share of Class B Common Stock then held by such corporation or limited liability company shall be deemed, without further act on the part of the holder thereof or the Corporation, to be converted into one share of Class A Common Stock, and stock certificates formerly representing such shares of Class B Common Stock shall thereupon and thereafter be deemed to represent such number of shares of Class A Common Stock as equals the number of shares of Class A Common Stock into which such shares of Class B Common Stock could be converted pursuant to the terms hereof.

(5) In the case of a Class B Holder which is a partnership, such Class B Holder's "Permitted Transferee" means (A) any direct or indirect controlling partner of such partnership (but not any other partner of such partnership), and any Permitted Transferee of such controlling partner (as if such controlling partner were a Class B Holder), and (B) the survivor of a merger or consolidation of such partnership; provided that if control of such a partnership (or of any survivor of a merger or consolidation of such a partnership) is acquired by any person who is not within such class of persons, whether as a result of a merger or consolidation or otherwise, each share of Class B Common Stock then held by such partnership shall be deemed, without further act on the part of the holder thereof or the Corporation, to be converted into one share of Class A Common Stock, and stock certificates formerly representing each share of Class B Common Stock shall thereupon and thereafter be deemed to represent such number of shares of Class A Common Stock as equals the number of shares of Class A Common Stock into which such shares of Class B Common Stock could be converted pursuant to the terms hereof.

(6) In the case of a Class B Holder which is the estate of a deceased Class B

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Holder, or which is the estate of a bankrupt or insolvent Class B Holder, such Class B Holder's "Permitted Transferee" means a Permitted Transferee of such deceased, bankrupt or insolvent Class B Holder.

(7) In the case of any Class B Holder, such Class B Holder's "Permitted Transferee" means, without limitation of the foregoing, any direct or indirect Permitted Transferee of a Permitted Transferee of such Class B Holder.

(ii) Notwithstanding anything to the contrary set forth herein, but subject to the provisions of subparagraph (b)(6)(iv) of this Article FOURTH, in the event of any direct or indirect transfer of beneficial ownership of any shares of Class B Common Stock which, had such transfer also been a transfer of record ownership of such shares of Class B Common Stock, would not have been to a Permitted Transferee, each share of Class B Common Stock transferred shall be deemed, without further act on the part of the holder thereof or the Corporation, to be converted into one share of Class A Common Stock, and stock certificates formerly representing each share of Class B Common Stock shall thereupon and thereafter be deemed to represent such number of shares of Class A Common Stock as equals the number of shares of Class A Common Stock into which such shares of Class B Common Stock could be converted pursuant to the terms hereof.

(iii) Notwithstanding anything to the contrary set forth herein, any event which would result in the automatic conversion of shares of Class B Common Stock into shares of Class A Common Stock shall not result in such conversion if, after such event, the record holder of such shares of Class B Common Stock is a corporation, limited liability company or partnership as to which, with respect to the shares of Class B Common Stock held by such corporation, limited liability company or partnership, any Permitted Transferee of the Class B Holder prior to such event has, directly or indirectly, both investment power (which includes the power to dispose, or direct the disposition of, such shares of

Class B Common Stock) and voting power (which includes the power to vote, or direct the voting of, such shares of Class B Common Stock); provided that no transaction or event intended to avoid the automatic conversion provision of this subparagraph (b) (6) of Article FOURTH shall in any event be entitled to the benefit of this subparagraph (b) (6) (iii) of Article FOURTH.

(iv) Notwithstanding anything to the contrary set forth herein, any Class B Holder may pledge such Class B Holder's shares of Class B Common Stock to a pledgee pursuant to a bona fide pledge of such shares as collateral security for any indebtedness or other obligation of any person; provided that, even if such shares are registered in the name of the pledgee or its nominee (which registration is hereby expressly permitted and shall not be considered a transfer hereunder), such shares shall remain subject to the provisions of this subparagraph (b) (6) of Article FOURTH. In the event that such pledged shares of Class B Common Stock (the "Pledged Stock") are foreclosed upon, each share of such Pledged Stock shall be deemed, without further act on the part of the holder thereof or the Corporation, to be converted into one share of Class A Common Stock, and stock certificates formerly representing one share of Class B Common Stock shall thereupon and thereafter be deemed to represent such number of shares of Class A Common Stock as equals the number of shares of Class A Common Stock into which such shares of Class B Common Stock could be converted pursuant to the

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terms hereof upon the earlier of (i) if the pledgor is contesting the foreclosure on such shares of Pledged Stock, 30 days after the date on which the foreclosure on such Pledged Stock becomes final and non-appealable or (ii) if the pledgor is not contesting the foreclosure on such shares of Pledged Stock, 30 days after the date on which such Pledged Stock is foreclosed upon; provided that the Pledged Stock shall not be automatically converted as provided in this subparagraph (b) (6) (iv) of Article FOURTH hereof as a result of such foreclosure if, prior to expiration of either such 30-day period, the Pledged Stock shall be transferred by the pledgee or the purchaser in such foreclosure to a Class B Holder or one or more Permitted Transferees of a Class B Holder.

(v) Notwithstanding anything to the contrary herein, the Corporation shall not register the transfer of any shares of Class B Common Stock, unless the transferee and the transferor of such Class B Common Stock have furnished such affidavits and other proof as the Corporation may reasonably request to establish that such proposed transferee is a Permitted Transferee. In addition, upon any purported transfer of shares of Class B Common Stock not permitted hereunder, each share of Class B Common Stock purported to be so transferred shall be deemed, without further act on the part of the holder thereof or the Corporation, to be converted into one share of Class A Common Stock, and stock certificates formerly representing one share of Class B Common Stock shall thereupon and thereafter be deemed to represent such number of shares of Class A Common Stock as equals the number of shares of Class A Common Stock into which such shares of Class B Common Stock could be converted pursuant to the terms hereof, and the Corporation shall register such shares of Class A Common Stock in the name of the person to whom such shares of Class B Common Stock were purported to be transferred.

(vi) The Corporation shall include on the certificates for shares of Class B Common Stock a legend referring to the restrictions on transfer and registration of transfer imposed by this subparagraph (b) (6) of Article FOURTH.

(7) Automatic Conversion. In the event the aggregate number of shares of Class B Common Stock and Class A Common Stock held by the Class B Holder and its Permitted Transferees at any time shall constitute less than ten percent (10%) of the total number of shares of Common Stock issued and outstanding at such time, then, without any further act on the part of the holder thereof or the Corporation, each share of Class B Common Stock then issued and outstanding shall be deemed to be converted into one share of Class A Common Stock, and stock certificates formerly representing each share of Class B Common Stock shall thereupon and thereafter be deemed to represent such number of shares of Class A Common Stock as equals the number of shares of Class A Common Stock into which such shares of Class B Common Stock could be converted pursuant to the terms hereof. For purposes of the immediately preceding sentence, any shares of Class A Common Stock and Class B Common Stock repurchased or otherwise acquired by the Corporation and not subsequently sold or otherwise transferred by the Corporation shall no longer be deemed "outstanding" from and after the date of repurchase. Any event set forth in subparagraph (b) (6) or (7) of this Article FOURTH pursuant to which shares of Class B Common Stock have been automatically

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converted into shares of Class A Common Stock are hereinafter referred to as an "Event of Automatic Conversion."

(i) Conversion pursuant to an Event of Automatic Conversion shall be deemed to have been effected at the time the Event of Automatic Conversion occurred (such time being the "Conversion Time"). The person entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock at and as of the Conversion Time, and the rights of such person as a holder of shares of Class B Common Stock with respect to the shares of Class B Common Stock that have been converted, shall cease and terminate at and as of the Conversion Time.

(8) Voluntary Conversion. Each share of Class B Common Stock shall be convertible, at the option of its record holder, into one validly issued, fully paid and non-assessable share of Class A Common Stock at any time. At the time of a voluntary conversion, the record holder of shares of Class B Common Stock shall deliver to the principal office of the Corporation or any transfer agent for shares of the Class A Common Stock (i) the certificate or certificates representing the shares of Class B Common Stock to be converted, duly endorsed in blank or accompanied by proper instruments of transfer, and (ii) written notice to the Corporation specifying the number of shares of Class B Common Stock to be converted into shares of Class A Common Stock and stating the name

or names (with addresses) and denominations in which the certificate or certificates representing the shares of Class A Common Stock issuable upon such conversion are to be issued and including instructions for the delivery thereof. Conversion shall be deemed to have been effected at the time when delivery is made to the Corporation of both such written notice and the certificate or certificates representing the shares of Class B Common Stock to be converted or such later time as may be specified in such written notice, and as of such time each person named in such written notice as the person to whom a certificate representing shares of Class A Common Stock is to be issued shall be deemed to be the holder of record of the number of shares of Class A Common Stock to be evidenced by that certificate. Delivery of such certificates and such written notice shall obligate the Corporation to issue such shares of Class A Common Stock, and thereupon the Corporation or its transfer agent shall promptly issue and deliver at such stated address to such record holder of shares of Class A Common Stock a certificate or certificates representing the number of shares of Class A Common Stock to which such record holder is entitled by reason of such conversion, and shall cause such shares of Class A Common Stock to be registered in the name of such record holder.

(9) Unconverted Shares; Notice Required. In the event of the conversion of less than all of the shares of Class B Common Stock evidenced by a certificate surrendered to the Corporation in accordance with the procedures of subparagraphs (b)(6), (7) or (8) of this Article FOURTH hereof, the Corporation shall execute and deliver to or upon the written order of the holder of such unconverted shares, without charge to such holder, a new certificate evidencing the number of shares of Class B Common Stock not converted.

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(10) Reservation. The Corporation hereby reserves and shall at all times reserve and keep available, out of its authorized and unissued shares of Class A Common Stock, for the purposes of effecting conversions, such number of duly authorized shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Class B Common Stock. The Corporation covenants that all of the shares of Class A Common Stock so issuable shall, when so issued, be duly and validly issued, fully paid and non-assessable, and free from liens and charges. The Corporation shall take all action as may be necessary to ensure that all such shares of Class A Common Stock may be so issued without violation of any applicable law or regulation, or of any requirements of any national securities exchange upon which the shares of Class A Common Stock are or may be listed, or of any inter-dealer quotation system of a registered national securities association upon which the shares of Class A Common Stock are or may be listed.

(11) Power to Sell and Purchase Shares. Subject to applicable law, the Corporation shall have the power to issue and sell all or any part of any shares of any class of stock herein or hereafter authorized to such persons, and for such consideration, as the Board shall from time to time, in its discretion, determine, whether or not greater consideration could be received upon the issue or sale of the same number of shares of another class, and as otherwise permitted by law. The Corporation shall have the power to purchase any shares of any class of stock herein or hereafter authorized from such persons, and for such consideration, as the Board shall from time to time, in its discretion, determine, whether or not less consideration could be paid upon the purchase of the same number of shares of another class, and as otherwise permitted by law.

(12) Rights Otherwise Identical. Except as expressly set forth herein, the rights of the holders of Class A Common Stock and the rights of the holders of Class B Common Stock shall be in all respects identical.

(13) For purposes of this Article FOURTH:

(i) The relationship of any person that is derived by or through legal adoption shall be considered a natural one.

(ii) Each joint owner of shares of Class B Common Stock shall be considered a "Class B Holder" of such shares.

(iii) A minor for whom shares of Class B Common Stock are held pursuant to a Uniform Gifts to Minors Act or similar law shall be considered a "Class B Holder" of such shares.

(iv) The term "beneficial ownership" (including, with a correlative meaning, the term "beneficially own") shall have the meaning assigned such term in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, as amended, except that a person shall be deemed to have "beneficial ownership" of all shares that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time.

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(v) Unless otherwise specified, the term "person" means both natural persons and legal entities.

(vi) The term "transfer" means any direct or indirect transfer (including, by sale, assignment, gift, bequest, appointment or otherwise), and shall also include, with respect to any Class B Holder, any direct or indirect change in control of such person.

(vii) The term "control" (including with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that person or entirety, whether through the ownership of voting securities, by contract or otherwise.

(b) Preferred Stock. The Board is expressly authorized to provide for the issuance of all or any shares of the Preferred Stock in one or more classes or series, and to fix for each such class or series such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board providing for the issuance of such class or series, including, without limitation, the authority to provide

that any such class or series may be (i) subject to redemption at such time or times and at such price or prices, (ii) entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions, and at such times, and payable in preference to, or in such relation to, the dividends payable on any other class or classes or any other series, (iii) entitled to such rights upon the dissolution of, or upon any distribution of the assets of, the Corporation; or (iv) convertible into, or exchangeable for, shares of any other class or classes of stock, or of any other series of the same or any other class or classes of stock, of the Corporation at such price or prices or at such rates of exchange and with such adjustments; all as may be stated in such resolution or resolutions.

FIFTH: The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

(1) The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

(2) The directors shall have concurrent power with the stockholders to adopt, amend, or repeal the By-Laws of the Corporation.

(3) The number of directors of the Corporation shall be as from time to time fixed by, or in the manner provided in, the By-Laws of the Corporation. Election of directors need not be by written ballot unless the By-Laws so provide.

(4) No director shall be personally liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director, except for

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liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the GCL or (iv) for any transaction from which the director derived an improper personal benefit. Any repeal or modification of this Article FIFTH by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

(5) In addition to the powers and authority hereinbefore or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the GCL, this Certificate of Incorporation and any By-Laws adopted by the stockholders; provided, however, that no By-Laws hereafter adopted by the stockholders shall invalidate any prior act of the directors which would have been valid if such By-Laws had not been adopted.

(6) The Corporation shall not be governed by Section 203 of the GCL.

SIXTH: Meetings of stockholders may be held within or without the State of Delaware, as the By-Laws may provide. The books of the Corporation may be kept (subject to any provision contained in the GCL) outside the State of Delaware at such place or places as may be designated from time to time by the Board or in the By-Laws of the Corporation.

SEVENTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed in this Certificate of Incorporation, the By-Laws or the laws of the State of Delaware and all rights herein conferred upon stockholders are granted subject to such reservation.

IN WITNESS WHEREOF, the Corporation has caused this Restated Certificate of Incorporation to be duly executed this 30th day of April, 2004.

REVLON, INC.

By ROBERT K. KRETZMAN

Name: Robert K. Kretzman
Title: Executive Vice President, General
Counsel and Chief Legal Officer

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AMENDED AND RESTATED

BY-LAWS

OF

REVLON, INC.

Dated as of March 22, 2004

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BY-LAWS

(as restated and amended)

OF

REVLON, INC.

(hereinafter called the "Corporation")

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Place of Meetings. Meetings of the stockholders for the election of directors or for any other purpose shall be held at any place, either within or without the State of Delaware as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual Meetings. The Annual Meetings of Stockholders shall be held on such date and at such time as shall be designated from time to time by the Board of Directors

and stated in the notice of the meeting, at which meetings the stockholders shall elect a Board of Directors, and transact such other business as may properly be brought before the meeting. Written notice of the Annual Meeting of Stockholders stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

Section 3. Nature of Business at Meetings of Stockholders. No business may be transacted at an Annual Meeting of Stockholders, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or a duly authorized committee thereof), (b) otherwise properly brought before the Annual Meeting, by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (c) otherwise properly brought before the Annual Meeting by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 3 and on the record date for the determination of stockholders entitled to vote at such Annual Meeting and (ii) who complies with the notice procedures set forth in this Section 3.

In addition to any other applicable requirements, for business to be properly brought before an Annual Meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received by the Secretary at the principal executive offices of the Corporation not less than sixty (60) days nor more than ninety (90) days prior to the anniversary date of the immediately preceding Annual Meeting of stockholders; provided, however, that in the event that the Annual Meeting is

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called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the Annual Meeting was mailed or such public disclosure of the date of the Annual Meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth as to each matter such stockholder proposes to bring before such Annual Meeting (i) a brief description of the business desired to be brought before such Annual Meeting and the reasons for conducting such business at such Annual Meeting, (ii) the name and record address of such stockholder, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, (iv) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business and (v) a representation that such stockholder intends to appear in person or by proxy at the Annual Meeting to bring such business before the meeting.

No business shall be conducted at the Annual Meeting of stockholders except business brought before the Annual Meeting in accordance with the procedures set forth in this Section 3; provided, however, that, once business has been properly brought before the Annual Meeting in accordance with such procedures, nothing in this Section 3 shall be deemed to preclude discussion by any stockholder of any such business. If the Chairman of an Annual Meeting determines that business was not properly brought before the Annual Meeting in accordance with the foregoing

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procedures, the Chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

Section 4. Special Meetings. Unless otherwise prescribed by law or by the Certificate of Incorporation, Special Meetings of Stockholders, for any purpose or purposes, may be called by either (i) the Board of Directors, (ii) the Chairman of the Board of Directors, or (iii) the President. Such request shall state the purpose or purposes of the proposed meeting. Written notice of a Special Meeting of Stockholders stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting.

Section 5. Quorum. Except as otherwise required by law or by the Certificate of Incorporation, the holders of a majority in total number of votes of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less

than a quorum. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the Chairman of the meeting or the holders of a majority in number of votes of the capital stock entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place of the adjourned meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. If the adjournment is for more than thirty

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days, or if after the adjournment a new record date is fixed for the adjourned meeting, a written notice of the adjourned meeting shall be given to each stockholder entitled to vote at the meeting not less than ten nor more than sixty days before the date of the meeting.

Section 6. Proxies. Any stockholder entitled to vote may do so in person or by his proxy appointed by an instrument in writing subscribed by such stockholder or by his attorney thereunto authorized, delivered to the Secretary of the meeting; provided, however, that no proxy shall be voted or acted upon after three years from its date, unless said proxy provides for a longer period. All proxies must be filed with the Secretary of the Corporation at the beginning of the meeting in order to be counted in any vote at the meeting.

Section 7. Voting. At all meetings of the stockholders at which a quorum is present, except as otherwise required by law, the Certificate of Incorporation or these By-Laws, any question brought before any meeting of stockholders shall be decided by the affirmative vote of the holders of a majority of the total number of votes of the capital stock present in person or represented by proxy and entitled to vote thereat voting as a single class. At the Annual Meeting of Stockholders, or any Special Meeting of Stockholders at which directors are to be elected, the directors shall be elected by a plurality vote.

Section 8. Organization and Order of Business. At every meeting of stockholders, the Chairman of the Board of Directors or, in such person's absence, the President, or in the absence of the two of them, such person as shall have been designated by the Board of Directors or, if none, by the Chairman of the Board of Directors, or, if none, by the President, shall act as Chairman of the meeting. The Secretary or, in such person's absence, an Assistant Secretary, shall act as Secretary of the meeting. The Chairman of the meeting shall have the sole authority to prescribe the agenda and rules of order for the conduct of any Annual or Special Meeting of Stockholders and to determine all questions arising thereat relating to the order of business and the

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conduct of the meeting, except as otherwise required by law. Unless otherwise directed by the Chairman of the meeting, the vote at any meeting of the stockholders need not be by written ballot. In case none of the officers above designated to act as Secretary of the meeting shall be present, the Chairman of the meeting or Secretary of the meeting shall be appointed by vote of a majority of the total number of votes of the capital stock present in person or represented by proxy and entitled to vote thereat.

Section 9. Consent of Stockholders in Lieu of Meeting. Unless otherwise provided in the Certificate of Incorporation, any action required or permitted to be taken at any Annual or Special Meeting of Stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. In the event that the action which is consented to is such as would have required the filing of a certificate under the General Corporation Law of the State of Delaware ("DGCL") if such action had been voted on by stockholders at a meeting thereof, the certificate filed shall state, in lieu of any statement concerning any vote of stockholders, that written consent and written notice has been given as provided in this Section 9.

Section 10. List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the

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examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present.

Section 11. Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 10 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

Section 12. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which record date: (1) in the case of determination of stockholders entitled to vote at any meeting of stockholders or adjournment thereof, shall not be more than sixty nor less than ten days before the date of such meeting; (2) in the case of determination of stockholders entitled to express consent to corporate action in writing without a meeting, shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board of Directors; and (3) in the case of any other action, shall not be more than sixty days prior to such other action. If no record date is fixed: (1) the record date for determining stockholders entitled to notice of or to

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vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; (2) the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting when no prior action of the Board of Directors is required by law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation in accordance with applicable law, or if prior action by the Board of Directors is required by law, shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action; and (3) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 13. Inspectors of Election. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of elections to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the Chairman of the meeting shall appoint one or more inspectors to act at the meeting. Unless otherwise required by law, inspectors may be officers, employees or agents of the Corporation. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his ability. The inspector shall take charge of the polls and, when the vote is completed, shall make a certificate of the result of the vote taken and of such other facts as may be required by law.

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ARTICLE III

DIRECTORS

Section 1. Number and Election of Directors. The Board of Directors shall consist of not less than three members, the exact number of which shall from time to time be determined by resolution of the Board of Directors. Except as provided in Section 2 of this Article, directors shall be elected by the stockholders at the Annual Meetings of Stockholders, and each director so elected shall hold office until his successor is duly elected and qualified, or until his death, or until his earlier resignation or removal. Directors need not be stockholders.

Section 2. Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, except that any vacancy resulting from the death, resignation, removal or disqualification of a director elected by the holders of any class or classes of the stock of the Corporation voting as a class, or from an increase in the number of directors which such holders are entitled to elect, may be filled by the affirmative vote of a majority of the directors elected by such class or classes, or by a sole remaining director so elected, and each director so chosen shall hold office until his successor is duly elected and qualified or until his death, or until his earlier resignation or removal, or disqualification.

Section 3. Duties and Powers. The business of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws required to be exercised or done by the stockholders.

Section 4. Organization. At each meeting of the Board of Directors, the Chairman of the Board of Directors, or, in his absence a director chosen by a majority of the directors present, shall act as Chairman. The Secretary of the Corporation shall act as Secretary at each meeting of

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the Board of Directors. In case the Secretary shall be absent from any meeting of the Board of Directors, an Assistant Secretary shall perform the duties of Secretary at such meeting; and in the absence from any such meeting of the Secretary and all the Assistant Secretaries, the Chairman of the meeting may appoint any person to act as Secretary of the meeting.

Section 5. Resignations and Removals of Directors. Any director of the Corporation may resign at any time, by giving written notice to the Chairman of the Board of Directors, the President or the Secretary of the Corporation. Such resignation shall take effect at the time therein specified or, if no time is specified, immediately; and, unless otherwise specified in such notice, the acceptance of such resignation shall not be necessary to make it effective. Except as otherwise required by law, any director or the entire Board of Directors may be removed, with or without cause, by the affirmative vote or written consent of a majority in total voting power of the issued and outstanding capital stock of the Corporation represented and entitled to vote in the election of directors.

Section 6. Meetings. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held at such time and at such place as may from time to time be determined by the Board of Directors and, unless required by resolution of the Board of Directors, without notice. Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors or a majority of directors then in office. Notice thereof stating the place, date and hour of the meeting shall be given to each director either by mail not less than forty-eight hours before the date of the meeting; by telephone, teletype or telegram on twenty-four hours notice; or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

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Section 7. First Yearly Meeting. The Board of Directors shall meet for the purpose of organization, the election of officers and the transaction of other business, as soon as practicable after each Annual Meeting of Stockholders, and no notice of such meeting to the existing or newly elected directors shall be necessary in order to legally constitute the meeting, provided a quorum is present. Such first meeting may be held at any other time or place specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or in a waiver of notice thereof.

Section 8. Quorum and Manner of Acting. Except as otherwise required by law, the Certificate of Incorporation or these By-Laws, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place of the adjourned meeting, until a quorum shall be present.

Section 9. Action by Written Consent. Unless otherwise required by the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 10. Meetings by Means of Conference Telephone. Unless otherwise required by the Certificate of Incorporation or these By-Laws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or similar communications

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equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 10 shall constitute presence in person at such meeting.

Section 11. Compensation. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary, or such other emoluments, as the Board of Directors shall from time to time determine. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Each director who shall serve as a member or Chairman of special or standing committee may be allowed like compensation for attending committee meetings.

Section 12. Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers, are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose if (i) the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the

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Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

ARTICLE IV

COMMITTEES

Section 1. How Constituted and Powers. The Board of Directors may, by resolution passed by a majority of the entire Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation, except as otherwise provided in these By-Laws. The Board of Directors may designate one or more directors as alternate members of any committee who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another member of the Board of Directors to act in the place of any absent or disqualified. Each committee, to the extent permitted by law, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation as provided in the resolution establishing such committee.

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Section 2. Executive Committee. The Board of Directors may, but is not required to, designate an Executive Committee, to consist of not less than three members of the Board of Directors, which shall have and may exercise, to the extent permitted by law, all of the powers of the Board of Directors in the management of the business and affairs of the Corporation, including, unless otherwise specified by a resolution or resolutions of the Board of Directors, the power and authority to declare dividends, to authorize the issuance of stock and to adopt a certificate of ownership and merger pursuant to Section 253 of the DGCL.

Section 3. Organization. The Board of Directors or each such committee may choose its Chairman and Secretary, and shall keep and record all its acts and proceedings and report the same from time to time to the Board of Directors.

Section 4. Meetings. Regular meetings of any such committee, of which no notice shall be necessary, shall be held at such times and in such places as shall be fixed by the committee or by the Board of Directors. Special meetings of any such committee shall be held at the request of any member of the committee.

Section 5. Quorum and Manner of Acting. A majority of the members of any such committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of the committee.

Section 6. General. The Board of Directors shall have the power at any time to change the members of, fill vacancies in, and discharge or disband any such committee, either with or without cause.

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ARTICLE V

OFFICERS

Section 1. Officers. The Board of Directors shall elect a Chairman of the Board of Directors, a President, one or more Vice Presidents, a Treasurer, a Controller and a Secretary. The Board of Directors may designate one or more Vice Presidents as Senior Executive Vice Presidents, Executive Vice Presidents or Senior Vice Presidents, and may use such other descriptive words as it may determine to designate the seniority or areas of special competence or responsibility of the officers. Any two or more offices may be held by the same person.

Section 2. Term of Office and Qualifications. Each such officer shall hold office until such officer's successor shall have been duly chosen and shall qualify, or until such officer's death, resignation or removal in the manner hereinafter provided. The Chairman of the Board of Directors shall be chosen from among the directors, but no other officer need be a director. Each officer shall have such functions or duties as are provided in these By-Laws, or as the Board of Directors may from time to time determine.

Section 3. Subordinate Officers. The Board of Directors may from time to time elect such other officers or assistant officers as it may deem necessary, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these By-Laws, or as the Board of Directors may from time to time determine.

Section 4. Removal. Any officer may be removed, either with or without cause, by the Board of Directors, and any officer also may be removed in such other manner as may be specified by the Board of Directors in the resolution or resolutions electing such officer. Any officer may be suspended by the Chairman of the Board of Directors either with or without cause.

Section 5. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors, the Chairman of the Board of Directors or the Secretary of the

Corporation. Any such resignation shall take effect at the time therein specified or if no time is specified, immediately; and, unless otherwise specified in such notice, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these By-Laws for the regular election to that office.

Section 7. Compensation. Salaries or other compensation of the officers may be fixed from time to time by the Board of Directors or any duly authorized committee of directors and shall be so fixed by the Board of Directors or such committee as to any officer serving the Corporation as a director. No officer shall be prevented from receiving proper compensation for such officer's services by reason of the fact that such officer is also a director of the Corporation.

Section 8. Chairman of the Board of Directors. The Chairman of the Board of Directors, if present, shall preside at all meetings of the stockholders and of the Board of Directors. The Chairman of the Board of Directors may, with the Treasurer or the Secretary or an Assistant Treasurer or an Assistant Secretary, sign certificates for stock of the Corporation. The Chairman of the Board of Directors may enter into and execute in the name of the Corporation deeds, mortgages, bonds, guarantees, contracts and other instruments, except in cases where the making and execution thereof shall be expressly restricted or delegated by the Board of Directors or by a duly authorized committee of directors or by these By-Laws to some other officer or agent of the Corporation, or shall be required by law otherwise to be made or executed. In general, the Chairman of the Board of Directors shall have all authority incident to the office of Chairman of the Board of Directors and shall have such other authority and perform such other duties as may from time to time be assigned by the Board of Directors or by any duly authorized committee of directors.

Section 9. President. The President shall be the chief executive officer of the Corporation and shall have general supervision of the business, affairs and property of the Corporation and over its several officers, subject, however, to the control of the Board of Directors. The President also shall be the chief operating officer of the Corporation and, subject to the direction of the Board of Directors, any duly authorized committee of directors, shall have general supervision of the operations of the Corporation. The President may, with the Treasurer or the Secretary or an Assistant Treasurer or an Assistant Secretary, sign certificates for stock of the Corporation. The President may enter into and execute in the name of the Corporation deeds, mortgages, bonds, guarantees, contracts and other instruments, except in cases where the making and execution thereof shall be expressly restricted or delegated by the Board of Directors or by a duly authorized committee of directors, or by these By-Laws to some other officer or agent of the Corporation, or shall be required by law otherwise to be made or executed. The President shall have the power to fix the compensation of elected officers whose compensation is not fixed by the Board of Directors or a committee thereof in accordance with Section 7 of this Article V, and also to engage, discharge, determine the duties and fix the compensation of all employees and agents of the Corporation necessary or proper for the transaction of the business of the Corporation. In general, the President shall have all authority incident to the office of President and chief executive officer and chief operating officer and shall have such other authority and perform such other duties as may from time to time be assigned by the Board of Directors or by any duly authorized committee of directors or by the Chairman of the Board of Directors. The President shall, at the request or in the absence or disability of the Chairman of the Board of Directors, perform the duties and exercise the powers of such officer.

Section 10. Vice Presidents. The Vice Presidents shall have supervision over the operations of the Corporation within their respective areas of special competence or responsibility

and in accordance with policies, procedures and practices in effect from time to time, subject, however, to the control of the Board of Directors, any duly authorized committee of directors, the Chairman of the Board of Directors, the President and any other officer to whom they report. They shall, within such areas (in the order of their designation, or in the absence of such designation, in the order of their seniority based on title or, in the case of officers of equal title, in order of their tenure), at the request or in the absence or disability of the Chairman of the Board of Directors, perform the duties and exercise the powers of such officer and at the request or in the absence or disability of the President, perform the duties and exercise the powers of such officer and at the request or in the absence or disability of the President, perform the duties and exercise the power of such officer. They may, with the Treasurer or the Secretary or an Assistant Treasurer or an Assistant Secretary, sign certificates for stock of the Corporation. They may enter into and execute in the name of the Corporation deeds, mortgages, guarantees, bonds, contracts and other instruments, except in cases where the making and execution thereof shall be expressly restricted or otherwise delegated by these By-Laws or by the Board of Directors, a duly authorized committee of directors, the Chairman of the Board of Directors, the President or any other officer to whom they report, or shall be required by law otherwise to be made or executed. In general, they shall have all authority incident to their respective offices and shall have such other authority and perform such other duties as may from time to time be assigned to them by the Board of Directors, any duly authorized committee of directors, the Chairman of the Board of Directors, the President or any other officer to whom they report.

Section 11. Treasurer. The Treasurer shall, if required by the Board of Directors, the Chairman of the Board of Directors, the President or any other

officer to whom the Treasurer reports, give a bond for the faithful discharge of duties, in such sum and with such sureties as may be so required. The Treasurer shall have custody of, and be responsible for, all funds and securities

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of the Corporation; receive and give receipts for money due and payable to the Corporation from any source whatsoever; deposit all such money in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of Section 5 of Article VI of these By-Laws; against proper vouchers, cause such funds to be disbursed by check or draft on the authorized depositories of the Corporation signed in such manner as shall be determined in accordance with the provisions of Section 4 of Article VI of these By-Laws and be responsible for the accuracy of the amounts of all funds so disbursed; regularly enter or cause to be entered in books to be kept by the Treasurer or under the Treasurer's direction, full and adequate accounts of all money received and paid by the Treasurer for the account of the Corporation; have the right to require, from time to time, reports or statements giving such information as the Treasurer may determine to be necessary or desirable with respect to any and all financial transactions of the Corporation from the officers and agents transacting the same; render to the Board of Directors, any duly authorized committee of directors, the Chairman of the Board of Directors, the President or any officer to whom the Treasurer reports, whenever they or any of them, respectively, shall require the Treasurer so to do, an account of the financial condition of the Corporation and of all transactions of the Treasurer; exhibit at all reasonable times the books of accounts and other records provided for herein to any of the directors of the Corporation; and, in general, have all authority incident to the office of Treasurer and such other authority and perform such other duties as from time to time may be assigned by the Board of Directors, any duly authorized committee of directors, the Chairman of the Board of Directors, the President or any other officer to whom the Treasurer reports, and may sign with the Chairman of the Board of Directors, the President or any Vice President, certificates for stock of the Corporation.

Section 12. Controller. The Controller shall be responsible for preparing and maintaining reasonable and adequate books of account and other accounting records of the assets,

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liabilities and transactions of the Corporation in accordance with generally accepted accounting principles and procedures, shall see that reasonable and adequate audits thereof are regularly made and that reasonable and adequate systems of financial control are maintained, shall examine and certify the financial accounts of the Corporation, shall prepare and render such budgets and other financial reports as the Board of Directors, the Chairman of the Board of Directors, the President or any other officer to whom the Controller reports may require, and shall, in general, have all authority incident to the office of Controller and such other authority and perform such other duties as from time to time may be assigned by the Board of Directors, any duly authorized committee of directors, the Chairman of the Board of Directors, the President or any other officer to whom the Controller reports.

Section 13. Secretary. The Secretary shall act as Secretary of all meetings of the stockholders and of the Board of Directors of the Corporation; shall keep the minutes thereof in the proper book or books to be provided for that purpose; shall see that all notices required to be given by the Corporation in connection with meetings of stockholders and of the Board of Directors are duly given; may, with the Chairman of the Board of Directors, the President or any Vice President, sign certificates for stock of the Corporation; shall be the custodian of the seal of the Corporation and shall affix the seal or cause it or a facsimile thereof to be affixed to all certificates for stock of the Corporation and to all documents or instruments requiring the same, the execution of which on behalf of the Corporation is duly authorized in accordance with the provisions of these By-Laws; shall have charge of the stock records and also of the other books, records and papers of the Corporation relating to its organization and acts as a corporation, and shall see that the reports, statements and other documents related thereto required by law are properly kept and filed; and shall, in general, have all authority incident to the office of Secretary and such other authority and perform such other duties as from time to time may be assigned by the Board of Directors, any duly

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authorized committee of directors, the Chairman of the Board of Directors, the President or any other officer to whom the Secretary reports.

Section 14. Duties of Assistant Treasurers, Assistant Secretaries and Other Subordinate Officers. The Assistant Treasurers shall, respectively, if required by the Board of Directors, the Chairman of the Board of Directors, the President or any other officer to whom they report, give bonds for the faithful discharge of their duties in such sums and with such sureties as may be so required. Assistant Treasurers and Assistant Secretaries may, with the Chairman of the Board of Directors, the President or any Vice President, sign certificates for stock of the Corporation. Subordinate officers shall have all authority incident to their respective offices and such other authority and perform such other duties as shall be assigned to them by the Board of Directors, any duly authorized committee of directors, the Chairman of the Board of Directors, the President or the officers to whom they report.

Section 15. Appointed Officers. The Chairman of the Board of Directors and the President may appoint or cause to be appointed, in accordance with the policies and procedures established by them, such Presidents, Vice Presidents and other officers of the Divisions, Groups and Staffs of the Corporation (each an "Appointed Officer") as each of them shall determine to be necessary or desirable in furtherance of the business and affairs of such Divisions, Groups

and Staffs, may designate such Vice Presidents as Senior Executive Vice Presidents, Executive Vice Presidents or Senior Vice Presidents, and may use such other descriptive words as each of them may determine to designate the seniority or areas of special competence or responsibility of the Appointed Officers appointed in accordance with this Section 15. Appointed Officers appointed in accordance with this Section 15 shall not be deemed to be officers as elsewhere referred to in this Article V or in Article X hereof but as between themselves and the Corporation shall have such authority and perform such duties in the management and operations of the Divisions, Groups and

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Staffs of the Corporation of which they are appointed officers as the officer appointing them and the persons to whom they report may from time to time determine. Such Appointed Officers shall have the authority as between themselves and third parties to bind the Corporation solely to the extent of their apparent authority based upon their titles and solely in relation to the business affairs of the Divisions, Groups and Staffs of which they are appointed officers.

ARTICLE VI

CONTRACTS, VOTING OF STOCK HELD, CHECKS, DRAFTS, BANK ACCOUNTS, ETC.

Section 1. Execution of Contracts. The Board of Directors or any duly authorized committee of directors, except as these By-Laws otherwise require, may authorize any officer other than or in addition to the officers authorized by Article V of these By-Laws, including Appointed Officers, and any employee or agent or agents, in the name and on behalf of the Corporation, to enter into and execute any deed, mortgage, bond, guarantee, contract or other instrument, and any such authority may be general or may be confined to specific instances or otherwise limited.

Section 2. Loans and Loan Guarantees. Any officer, employee or agent of the Corporation thereunder authorized by the Board of Directors or by any duly authorized committee of directors may effect in the name and on behalf of the Corporation, loans or advances from, or guarantees of loans or advances to, any bank, trust company or other institution or any firm, corporation or individual, and for such loans and advances or guarantees may make, execute and deliver promissory notes, bonds or other certificates or evidences of indebtedness or guaranty of the Corporation, and may pledge or hypothecate or transfer any securities or other property of the Corporation as security for any such loans, advances or guarantees. Such authority conferred by the

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Board of Directors or any duly authorized committee of directors may be general or may be confined to specific instances or otherwise limited.

Section 3. Voting of Stock Held. The Chairman of the Board of Directors and the President and, unless otherwise provided by resolution of the Board of Directors or directed by the Chairman of the Board of Directors or the President, the Secretary may from time to time personally or by an attorney or attorneys or agent or agents of the Corporation, in the name and on behalf of the Corporation, cast the votes which the Corporation may be entitled to cast as a stockholder or otherwise in any other corporation, any of the stock or securities of which may be held by the Corporation, at meetings of the holders of the stock or other securities of such other corporations, or consent in writing to any action by any such other corporation, and may instruct any person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed on behalf of the Corporation and under its corporate seal, or otherwise, such written proxies, consents, waivers or other instruments as the Secretary may deem necessary or proper in the premises; or may attend any meeting of the holders of stock or other securities of any such other corporation and thereat vote or exercise any or all other powers of the Corporation as the holder of such stock or other securities of such other corporation.

Section 4. Checks, Drafts, etc. All checks, drafts and other orders for payment of money out of the funds of the Corporation and all notes and other evidences of indebtedness of the Corporation shall be signed on behalf of the Corporation by the Treasurer or an Assistant Treasurer or by any other officer, employee or agent of the Corporation to whom such power may from time to time be delegated by the Board of Directors or any duly authorized committee of directors or by any officer, employee or agent of the Corporation to whom the power of delegation may from time to time be granted by the Board of Directors or any duly authorized committee of directors.

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Section 5. Deposits. The funds of the Corporation not otherwise employed shall be deposited from time to time to the order of the Corporation in such banks, trust companies or other depositories as the Board of Directors or any duly authorized committee of directors may from time to time select, or as may be selected by any officer, employee or agent of the Corporation to whom such power may from time to time be delegated by these By-Laws, the Board of Directors or any duly authorized committee of directors.

ARTICLE VII

STOCK AND DIVIDENDS

Section 1. Form of Certificates. (a) Every holder of stock in the Corporation shall be entitled to have a certificate signed, in the name of the

Corporation (i) by the Chairman of the Board of Directors, the President or one of the Vice Presidents and (ii) by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him in the Corporation.

(b) If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, provided that, except as otherwise required by Section 202 of the DGCL, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of

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stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 2. Signatures. Any or all signatures on the certificate may be a facsimile. In case an officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, unless otherwise ordered by the Board of Directors, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 3. Lost, Destroyed, Stolen or Mutilated Certificates. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit or such other proof satisfactory to the Board of Directors of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation and its transfer agents and registrars with respect to the certificate alleged to have been lost, stolen or destroyed or the issuance of such new certificate.

Section 4. Transfers. Except as otherwise prescribed by law or the Certificate of Incorporation, stock of the Corporation shall be transferable in the manner prescribed in these By-Laws. Transfers of stock shall be made on the books of the Corporation only by the person named in the certificate or by such person's duly authorized attorney appointed by a power of attorney duly executed and filed with the Secretary of the Corporation or a transfer agent of the

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Corporation, and upon surrender of the certificate or certificates for such stock properly endorsed for transfer and payment of all necessary transfer taxes; provided, however, that such surrender and endorsement or payment of taxes shall not be required in any case in which the officers of the Corporation shall determine to waive such requirement. Every certificate exchanged, returned or surrendered to the Corporation shall be marked "Canceled," with the date of cancellation, by the Secretary or an Assistant Secretary of the Corporation or the transfer agent thereof. No transfer of stock shall be valid as against the Corporation, its stockholders or creditors for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

Section 5. Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfer offices or agencies and registry offices or agencies at such place or places as may be determined from time to time by the Board of Directors.

Section 6. Beneficial Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

Section 7. Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, and may be paid in cash, in property, or in shares of the Corporation's capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies,

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or for purchasing any of the shares of capital stock, warrants, rights, options, bonds, debentures, notes, scrip or other securities or evidences of indebtedness of the Corporation, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of

Directors may modify or abolish any such reserve.

Section 8. Limitations on Transfer. A written restriction on the transfer or registration of transfer of a security of the Corporation, if permitted by Section 202 of the DGCL and noted conspicuously on the certificate representing the security or, in the case of uncertificated shares, contained in the notice sent pursuant to Section 151(f) of the DGCL, may be enforced against the holder of the restricted security or any successor or transferee of the holder including an executor, administrator, trustee, guardian or other fiduciary entrusted with like responsibility for the person or estate of the holder. Unless noted conspicuously on the certificate representing the security or, in the case of uncertificated shares, contained in the notice sent pursuant to Section 151(f) of the DGCL, a restriction, even though permitted by Section 202 of the DGCL, is ineffective except against a person with actual knowledge of the restriction. A restriction on the transfer or registration of transfer of securities of the Corporation may be imposed either by the Certificate of Incorporation or by these By-Laws or by an agreement among any number of security holders or among such holders and the Corporation. No restriction so imposed shall be binding with respect to securities issued prior to the adoption of the restriction unless the holders of the securities are parties to an agreement or voted in favor of the restriction.

ARTICLE VIII

NOTICES

Section 1. Notices. Whenever written notice is required by law, the Certificate of Incorporation or these By-Laws to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder,

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at such person's address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Written notice may also be given personally or by courier service, facsimile transmission, telegram, telex or cable.

Section 2. Waivers of Notice. (a) Whenever any notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed, by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting, present by person or represented by proxy, shall constitute a waiver of notice of such meeting, except where the person attends the meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

(b) Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any written waiver of notice unless so required by law, the Certificate of Incorporation or these By-Laws.

ARTICLE IX

BOOKS

Section 1. Books. The Corporation shall keep in accordance with applicable law correct and adequate books and records of account and minutes of proceedings of the stockholders, the Board of Directors and any committees of the Board of Directors. The Corporation shall keep in accordance with applicable law at the office designated in the Certificate of Incorporation or at

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the office of the transfer agent or registrar of the Corporation, a record containing the names and addresses of all stockholders, the number and class of shares held by each and the dates when they respectively became the owners of record thereof.

Section 2. Form of Books. Any books maintained by the Corporation, including its stock ledger, books of account and minute books, may be kept on, or be in the form of, electronic data storage, computer discs, punch cards, magnetic tape, photographs, microphotographs or any other information storage device, provided that the records so kept can be converted into clearly legible written form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect the same.

ARTICLE X

INDEMNIFICATION

Section 1. Power to Indemnify in Actions, Suits or Proceedings other Than Those by or in the Right of the Corporation. Subject to Section 3 of this Article X, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director or officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to

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or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that such person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

Section 2. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation. Subject to Section 3 of this Article X, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. Authorization of Indemnification. Any indemnification under this Article X (unless ordered by a court) shall be made by the Corporation only as authorized in the

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specific case upon a determination that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 1 or Section 2, and in each case Section 11, of this Article X, as the case may be. Such determination shall be made (i) by a majority vote of the directors who were not parties to such action, suit or proceeding, even though less than a quorum, or (ii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (iii) by the stockholders. To the extent, however, that a director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, without the necessity of authorization in the specific case.

Section 4. Good Faith Defined. For purposes of any determination under Section 3 of this Article X, a person shall be deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe such person's conduct was unlawful, if such person's action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to such person by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 4 shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other entity or enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. The

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provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Sections 1 or 2, and in each case Section 11, of this Article X, as the case may be.

Section 5. Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 3 of this Article X, and notwithstanding the absence of any determination thereunder, any director or officer may apply to any court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Sections 1 and 2, and in each case Section 11, of this Article X. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standards of conduct set forth in Sections 1 or 2, and in each case Section 11, of this Article X, as the case may be. Neither a contrary determination in the specific case under Section 3 of this Article X nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 5 shall be given

to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 6. Expenses Payable in Advance. Expenses (including attorneys' fees) incurred by a director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Article X.

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Section 7. Nonexclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by or granted pursuant to this Article X shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any by-law, agreement, contract, vote of stockholders or disinterested directors or pursuant to the direction (howsoever embodied) of any court of competent jurisdiction or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Sections 1 and 2 of this Article X shall be made to the fullest extent permitted by law. The provisions of this Article X shall not be deemed to preclude the indemnification of any person who is not specified in Sections 1 or 2 of this Article X but whom the Corporation has the power or obligation to indemnify under the provisions of the DGCL, or otherwise.

Section 8. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power or the obligation to indemnify such person against such liability under the provisions of this Article X.

Section 9. Certain Definitions. For purposes of this Article X, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or

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officers, so that any person who is or was a director or officer of such constituent corporation, or is or was a director or officer of such constituent corporation serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise, shall stand in the same position under the provisions of this Article X with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article X, references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article X. For purposes of this Article X, the term "officers" shall not include "Appointed Officers" as defined in Section 15 of Article V.

Section 10. Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article X shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 11. Limitation on Indemnification. Notwithstanding anything contained in this Article X to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 5 hereof), the Corporation shall not be obligated to indemnify any director or officer in connection with a proceeding (or part thereof) initiated by such person unless

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such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

Section 12. Indemnification of Appointed Officers, Employees and Agents. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to Appointed Officers, employees and agents of the Corporation similar to those conferred in this Article X to directors and officers of the Corporation.

AMENDMENT OF BY-LAWS

Section 1. Amendment of By-Laws. These By-Laws may be altered, amended or repealed, in whole or in part, or new By-Laws may be adopted by the stockholders or by the Board of Directors; provided, however, that notice of such alteration, amendment, repeal or adoption of new By-Laws be contained in the notice of such meeting of stockholders or Board of Directors as the case may be. All such amendments must be approved by either the affirmative vote of the holders of a majority in total number of votes of the outstanding capital stock entitled to vote thereon or by a majority of the directors then in office.

Section 2. Entire Board of Directors. As used in this Article XI and in these By-Laws generally, the term "entire Board of Directors" means the total number of directors which the Corporation would have if there were no vacancies.

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ARTICLE XII

GENERAL PROVISIONS

Section 1. Seal. The Board of Directors shall approve a corporate seal which shall be in the form of a circle and shall bear the name of the Corporation, the year of its incorporation and the word "Delaware." The Seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 2. Fiscal Year. The fiscal year of the Corporation shall be determined and may be changed by resolution of the Board of Directors, and unless and until otherwise so determined, shall be the calendar year.

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CERTIFICATIONS

I, Jack L. Stahl, 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)) 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) [Intentionally omitted per SEC's transition rules in SEC Release Nos. 33-8238 and 34-47986];
 - (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: May 17, 2004

/s/ Jack L. Stahl

Jack L. Stahl
President and Chief Executive Officer

CERTIFICATIONS

I, Thomas E. McGuire, 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)) 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) [Intentionally omitted per SEC's transition rules in SEC Release Nos. 33-8238 and 34-47986];
 - (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: May 17, 2004

/s/ Thomas E. McGuire

Thomas E. McGuire
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 March 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jack L. Stahl, 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/ Jack L. Stahl

Jack L. Stahl
Chief Executive Officer
May 17, 2004

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 March 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas E. McGuire, 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/ Thomas E. McGuire

Thomas E. McGuire
Chief Financial Officer
May 17, 2004