

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended September 30, 2013

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)

**212-527-4000**

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes  No

As of October 15, 2013, 52,356,798 shares of Class A Common Stock were outstanding. At such date, 40,669,640 shares of Class A Common Stock were beneficially owned by MacAndrews & Forbes Holdings Inc. and certain of its affiliates.

**REVLON, INC. AND SUBSIDIARIES**  
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	September 30, 2013 (Unaudited)	December 31, 2012
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 139.3	\$ 116.3
Trade receivables, less allowance for doubtful accounts of \$3.4 and \$3.5 as of September 30, 2013 and December 31, 2012, respectively	194.1	216.0
Inventories	142.2	114.7
Deferred income taxes – current	50.1	48.5
Prepaid expenses and other	51.3	45.7
Total current assets	577.0	541.2
Property, plant and equipment, net of accumulated depreciation of \$236.4 and \$226.0 as of September 30, 2013 and December 31, 2012, respectively	102.7	99.5
Deferred income taxes – noncurrent	195.2	215.2
Goodwill	217.9	217.8
Intangible assets, net of accumulated amortization of \$34.7 and \$29.7 as of September 30, 2013 and December 31, 2012, respectively	64.7	68.8
Other assets	101.9	94.1
Total assets	\$ 1,259.4	\$ 1,236.6
<b>LIABILITIES AND STOCKHOLDERS' DEFICIENCY</b>		
Current liabilities:		
Short-term borrowings	\$ 6.6	\$ 5.0
Current portion of long-term debt	—	21.5
Accounts payable	103.4	101.9
Accrued expenses and other	226.0	276.3
Redeemable preferred stock	48.6	48.4
Total current liabilities	384.6	453.1
Long-term debt	1,228.2	1,145.8
Long-term pension and other post-retirement plan liabilities	210.1	233.7
Other long-term liabilities	56.3	53.3
Commitments and contingencies		
Stockholders' deficiency:		
Class A Common Stock, par value \$0.01 per share; 900,000,000 shares authorized; 49,986,651 shares issued as of September 30, 2013 and December 31, 2012	0.5	0.5
Class B Common Stock, par value \$0.01 per share; 200,000,000 shares authorized; 3,125,000 shares issued and outstanding as of September 30, 2013 and December 31, 2012	—	—
Additional paid-in capital	1,015.1	1,015.1
Treasury stock, at cost: 754,853 shares of Class A Common Stock as of September 30, 2013 and December 31, 2012	(9.8)	(9.8)
Accumulated deficit	(1,419.6)	(1,446.9)
Accumulated other comprehensive loss	(206.0)	(208.2)
Total stockholders' deficiency	(619.8)	(649.3)
Total liabilities and stockholders' deficiency	\$ 1,259.4	\$ 1,236.6

See Accompanying Notes to Unaudited Consolidated Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net sales	\$ 339.4	\$ 347.0	\$ 1,021.4	\$ 1,034.8
Cost of sales	123.8	127.0	365.5	367.1
Gross profit	215.6	220.0	655.9	667.7
Selling, general and administrative expenses	175.3	179.9	505.9	540.5
Restructuring charges and other, net	(1.5)	21.0	1.8	21.0
Operating income	41.8	19.1	148.2	106.2
Other expenses, net:				
Interest expense	16.2	19.9	50.8	59.5
Interest expense – preferred stock dividends	1.7	1.6	4.9	4.8
Amortization of debt issuance costs	1.3	1.3	3.8	3.9
Loss on early extinguishment of debt	0.2	—	28.1	—
Foreign currency losses (gains), net	0.4	(0.1)	2.9	2.0
Miscellaneous, net	0.5	(0.1)	0.5	0.2
Other expenses, net	20.3	22.6	91.0	70.4
Income (loss) from continuing operations before income taxes	21.5	(3.5)	57.2	35.8
Provision for income taxes	12.0	11.5	30.2	31.6
Income (loss) from continuing operations, net of taxes	9.5	(15.0)	27.0	4.2
Income from discontinued operations, net of taxes	—	—	0.3	0.4
Net income (loss)	\$ 9.5	\$ (15.0)	\$ 27.3	\$ 4.6
Other comprehensive income (loss):				
Currency translation adjustment, net of tax <sup>(a)</sup>	1.1	(1.9)	(3.6)	0.3
Amortization of pension related costs, net of tax <sup>(b)(c)</sup>	2.0	1.8	5.8	7.5
Other comprehensive income (loss)	3.1	(0.1)	2.2	7.8
Total comprehensive income (loss)	\$ 12.6	\$ (15.1)	\$ 29.5	\$ 12.4
Basic earnings (loss) per common share:				
Continuing operations	\$ 0.18	\$ (0.29)	\$ 0.51	\$ 0.08
Discontinued operations	—	—	0.01	0.01
Net income (loss)	\$ 0.18	\$ (0.29)	\$ 0.52	\$ 0.09
Diluted earnings (loss) per common share:				
Continuing operations	\$ 0.18	\$ (0.29)	\$ 0.51	\$ 0.08
Discontinued operations	—	—	0.01	0.01
Net income (loss)	\$ 0.18	\$ (0.29)	\$ 0.52	\$ 0.09
Weighted average number of common shares outstanding:				
Basic	52,356,798	52,356,641	52,356,798	52,345,895
Diluted	52,356,798	52,356,641	52,356,798	52,356,911

<sup>(a)</sup> Net of tax expense (benefit) of \$0.9 million and \$(0.7) million for the three months ended September 30, 2013 and 2012, respectively, and \$3.2 million and \$0.7 million for the nine months ended September 30, 2013 and 2012, respectively.

<sup>(b)</sup> Net of tax benefit of \$(0.2) million for the three months ended September 30, 2013 and 2012 and \$(0.9) million and \$(0.7) million for the nine months ended September 30, 2013 and 2012, respectively.

<sup>(c)</sup> This other comprehensive income component is included in the computation of net periodic benefit (income) costs. See Note 2, "Pension and Post-Retirement Benefits," for additional information regarding net periodic benefit (income) costs.

See Accompanying Notes to Unaudited Consolidated Financial Statements

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

	<u>Common Stock</u>	<u>Additional Paid-In-Capital</u>	<u>Treasury Stock</u>	<u>Accumulated Deficit</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Total Stockholders' Deficiency</u>
Balance, January 1, 2013	\$ 0.5	\$ 1,015.1	\$ (9.8)	\$ (1,446.9)	\$ (208.2)	\$ (649.3)
Net income				27.3		27.3
Other comprehensive income <sup>(a)</sup>					2.2	2.2
Balance, September 30, 2013	<u>\$ 0.5</u>	<u>\$ 1,015.1</u>	<u>\$ (9.8)</u>	<u>\$ (1,419.6)</u>	<u>\$ (206.0)</u>	<u>\$ (619.8)</u>

<sup>(a)</sup> See Note 8, "Accumulated Other Comprehensive Loss," regarding the changes in the accumulated balances for each component of other comprehensive income during the first nine months of 2013.

See Accompanying Notes to Unaudited Consolidated Financial Statements

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

	Nine Months Ended September 30,	
	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 27.3	\$ 4.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Income from discontinued operations, net of taxes	(0.3)	(0.4)
Depreciation and amortization	51.5	48.4
Amortization of debt discount	1.2	1.6
Stock compensation amortization	—	0.3
Provision for deferred income taxes	19.6	22.8
Loss on early extinguishment of debt	28.1	—
Amortization of debt issuance costs	3.8	3.9
Insurance proceeds for property, plant and equipment	(13.1)	—
(Gain) loss on sale of certain assets	(3.1)	0.2
Pension and other post-retirement (income) costs	(0.2)	4.1
Change in assets and liabilities:		
Decrease in trade receivables	16.9	16.5
Increase in inventories	(31.3)	(32.6)
Increase in prepaid expenses and other current assets	(7.3)	(13.2)
Increase in accounts payable	4.2	2.3
(Decrease) increase in accrued expenses and other current liabilities	(41.2)	35.3
Pension and other post-retirement plan contributions	(16.0)	(26.8)
Purchases of permanent displays	(30.1)	(31.2)
Other, net	(4.2)	(17.9)
Net cash provided by operating activities	<u>5.8</u>	<u>17.9</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(17.9)	(14.8)
Business acquisition	—	(66.2)
Insurance proceeds for property, plant and equipment	13.1	—
Proceeds from the sale of certain assets	3.4	0.6
Net cash used in investing activities	<u>(1.4)</u>	<u>(80.4)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net increase in short-term borrowings and overdraft	0.2	12.5
Proceeds from the issuance of the 5¾% Senior Notes	500.0	—
Repayment of the 9¾% Senior Secured Notes	(330.0)	—
Repayments under the 2011 Term Loan Facility	(113.0)	(6.0)
Payment of financing costs	(32.7)	(0.1)
Other financing activities	(1.8)	(0.7)
Net cash provided by financing activities	<u>22.7</u>	<u>5.7</u>
Effect of exchange rate changes on cash and cash equivalents	(4.1)	0.3
Net increase (decrease) in cash and cash equivalents	23.0	(56.5)
Cash and cash equivalents at beginning of period	116.3	101.7
Cash and cash equivalents at end of period	<u>\$ 139.3</u>	<u>\$ 45.2</u>
<i>Supplemental schedule of cash flow information:</i>		
Cash paid during the period for:		
Interest	\$ 56.2	\$ 57.5
Preferred stock dividends	4.6	4.6
Income taxes, net of refunds	10.7	13.8
<i>Supplemental schedule of non-cash investing and financing activities:</i>		
Treasury stock received to satisfy minimum tax withholding liabilities	\$ —	\$ 1.2

See Accompanying Notes to Unaudited Consolidated Financial Statements

## 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

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

The Company's vision is glamour, excitement and innovation through high-quality products at affordable prices. The Company operates in a single segment and manufactures, markets and sells an extensive array of cosmetics, women's hair color, beauty tools, anti-perspirant deodorants, fragrances, skincare and other beauty care products. The Company's principal customers include large mass volume retailers and chain drug and food stores in the U.S., as well as certain department stores and other specialty stores, such as perfumeries, outside the U.S. The Company also sells beauty products to U.S. military exchanges and commissaries and has a licensing business pursuant to which the Company licenses certain of its key brand names to third parties for the manufacture and sale of complementary beauty-related products and accessories in exchange for royalties. See also Note 15, "Subsequent Events - Colomer Acquisition."

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

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") requires management to make estimates and assumptions that affect amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the periods presented. Actual results could differ from these estimates. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the consolidated financial statements in the period they are determined to be necessary. Significant estimates made in the accompanying Unaudited Consolidated Financial Statements include, but are not limited to, allowances for doubtful accounts, inventory valuation reserves, expected sales returns and allowances, trade support costs, certain assumptions related to the recoverability of intangible and long-lived assets, deferred tax valuation allowances, reserves for estimated tax liabilities, restructuring costs, certain estimates and assumptions used in the calculation of the net periodic benefit (income) costs and the projected benefit obligations for the Company's pension and other post-retirement plans, including the expected long-term return on pension plan assets and the discount rate used to value the Company's pension benefit obligations. The Unaudited Consolidated Financial Statements should be read in conjunction with the consolidated financial statements and related notes contained in Revlon, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012, filed with the U.S. Securities and Exchange Commission (the "SEC") on February 13, 2013 (the "2012 Form 10-K").

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

Effective beginning October 1, 2012, the Company is consolidating and reporting Latin America and Canada (previously reported separately) as the combined Latin America and Canada region.

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

### Recently Adopted Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income," which amends Accounting Standards Codification ("ASC") 220, "Comprehensive Income." The amendments require an entity to disclose the impact of amounts reclassified out of accumulated other comprehensive income and into net income, by the respective line items of net income, if the amounts reclassified are reclassified to net income in their entirety in the same reporting period. The disclosure is required either on the face of the statement where net income is presented or in the notes. For amounts that are not reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under U.S. GAAP that provide additional detail about those amounts. The Company prospectively adopted ASU No. 2013-02 beginning January 1, 2013, and has provided the required disclosures.

### Recently Issued Accounting Pronouncements

In March 2013, the FASB issued ASU No. 2013-04, "Accounting for Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation is Fixed at the Reporting Date", which will require an entity to record

an obligation resulting from joint and several liability arrangements at the greater of the amount that the entity has agreed to pay or the amount the entity expects to pay. Additional disclosures about joint and several liability arrangements will also be required. This guidance is effective for fiscal periods beginning after December 15, 2013, and is to be applied retrospectively for obligations that exist at the beginning of an entity's fiscal year of adoption, with early adoption permitted. The Company does not expect that such adoption will have a material impact on the Company's consolidated financial statements or financial statement disclosures.

In July 2013, the FASB issued ASU No. 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists" which requires an unrecognized tax benefit to be presented as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward that the entity intends to use and is available for settlement at the reporting date. The guidance is effective for fiscal periods beginning after December 15, 2013. The Company expects to early adopt the provisions of ASU No. 2013-11 on a prospective basis as of December 31, 2013 and the Company expects that the impact of such adoption will be limited to the presentation of assets and liabilities on the consolidated balance sheet.

## Other Events

### Acquisition of The Colomer Group Participations

On October 9, 2013, Products Corporation completed its acquisition of The Colomer Group Participations, S.L. ("Colomer"), a Spanish company which primarily markets and sells professional products to salons and other professional channels under brands such as **Revlon Professional**® hair care, **CND**® and **CND Shellac**® nail polishes and **American Crew**® men's hair care (the "Colomer Acquisition"), pursuant to a share sale and purchase agreement (the "Purchase Agreement") which Products Corporation entered into on August 3, 2013. See Note 15, "Subsequent Events - Colomer Acquisition."

### Fire at Revlon Venezuela Facility

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

The Company maintains comprehensive property insurance, as well as business interruption insurance. Business interruption insurance is intended to reimburse for lost profits and other costs incurred, which are attributable to the loss, during the loss period, subject to the terms and conditions of the applicable policies. The Company's insurance coverage provides for business interruption losses to be reimbursed, subject to the terms and conditions of such policy, for a period of time, which period for the coverage related to the fire ended on October 2, 2012.

The Company's business interruption losses included estimated profits lost as a result of the interruption of Revlon Venezuela's business and costs incurred directly related to the fire. The Company recognized income from insurance recoveries under the business interruption policy only to the extent it recorded business interruption losses.

In January 2013, the Company received additional insurance proceeds of \$3.4 million from its insurers related to the settlement of the Company's claim for the loss of inventory. The \$3.4 million of proceeds were in addition to \$8.4 million of insurance proceeds received prior to December 31, 2012, for a total settlement amount of \$11.8 million for the loss of inventory, of which \$3.5 million was previously recognized as income from insurance recoveries in 2011. As a result of the final settlement of the claim for the loss of inventory, the Company recognized a gain from insurance proceeds of \$8.3 million in the first quarter of 2013.

In June 2013, the Company settled its business interruption and property insurance claim in the amount of \$32.0 million. The Company received \$17.9 million of insurance proceeds for its business interruption and property claim prior to December 31, 2012, and the remaining \$14.1 million was received in July 2013. The Company previously recognized \$13.9 million as income from insurance recoveries in 2011 and 2012. As a result of the final settlement of the business interruption and property claim, the Company recognized a gain from insurance proceeds of \$18.1 million in the second quarter of 2013.



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

The table below details the proceeds received and the income recognized to date for the inventory and business interruption and property claims:

	Inventory	Business Interruption and Property	Total
Insurance proceeds received in 2011	\$ 4.7	\$ 15.0	\$ 19.7
Insurance proceeds received in 2012	3.7	2.9	6.6
Total proceeds received as of December 31, 2012	8.4	17.9	26.3
Income from insurance recoveries recognized in 2011 and 2012 <sup>(a)</sup>	(3.5)	(13.9)	(17.4)
Deferred income balance as of December 31, 2012	4.9	4.0	8.9
Insurance proceeds received in 2013	3.4	14.1	17.5
Gain from insurance proceeds for the nine months ended September 30, 2013 <sup>(a)</sup>	(8.3)	(18.1)	(26.4)
Deferred income balance as of September 30, 2013	\$ —	\$ —	\$ —

<sup>(a)</sup> The gain from insurance proceeds and income from insurance recoveries is included within selling, general and administrative (“SG&A”) expenses in the Company’s Consolidated Statements of Operations and Comprehensive Income (Loss) in the respective periods.

In the second quarter of 2013, the Company recorded an accrual of \$4.5 million for estimated clean-up costs related to the destroyed facility in Venezuela. The accrual is included within accrued expenses and other and SG&A expenses in the Company’s Consolidated Financial Statements for the nine months ended September 30, 2013.

Impact of Foreign Currency Translation - Venezuela Currency Devaluation

On February 8, 2013, the Venezuelan government announced the devaluation of its local currency, Venezuelan Bolivars (“Bolivars”), relative to the U.S. Dollar, effective beginning February 13, 2013. The devaluation changed the official exchange rate to 6.30 Bolivars per U.S. Dollar (the “Official Rate”). The Venezuelan government also announced that the currency market administered by the central bank known as the *Sistema de Transacciones en Moneda Extranjera* (“SITME”) would be eliminated. As previously disclosed in Revlon, Inc.’s 2012 Form 10-K, the Company was using the SITME rate to translate the financial statements of Revlon Venezuela beginning in April 2011.

As a result of the elimination of the SITME market, the Company began using the Official Rate of 6.30 Bolivars per U.S. Dollar to translate Revlon Venezuela’s financial statements beginning in the first quarter of 2013. For the nine months ended September 30, 2013, the devaluation of the local currency had the impact of reducing reported net sales by \$1.5 million and reducing reported operating income by \$0.5 million. Additionally, to reflect the impact of the currency devaluation, a one-time foreign currency loss of \$0.6 million was recorded in the first quarter of 2013 as a result of the required re-measurement of Revlon Venezuela’s balance sheet. As Venezuela was designated as a highly inflationary economy effective January 1, 2010, the Company reflected this foreign currency loss in earnings.

**2. PENSION AND POST-RETIREMENT BENEFITS**

The components of net periodic benefit (income) costs for the Company’s pension and the other post-retirement benefit plans for the third quarter of 2013 and 2012 are as follows:

	Pension Plans		Other Post-retirement Benefit Plans	
	Three Months Ended September 30,		Three Months Ended September 30,	
	2013	2012	2013	2012
Net periodic benefit (income) costs:				
Service cost	\$ 0.3	\$ 0.4	\$ —	\$ —
Interest cost	6.9	7.5	0.1	0.1
Expected return on plan assets	(9.6)	(8.8)	—	—
Amortization of actuarial loss	2.1	2.0	0.1	0.1
	(0.3)	1.1	0.2	0.2
Portion allocated to Revlon Holdings LLC	—	—	—	—
	\$ (0.3)	\$ 1.1	\$ 0.2	\$ 0.2

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

The components of net periodic benefit (income) costs for the Company's pension and the other post-retirement benefit plans for the first nine months of 2013 and 2012 are as follows:

	<b>Pension Plans</b>		<b>Other Post-retirement Benefit Plans</b>	
	<b>Nine Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Net periodic benefit (income) costs:				
Service cost	\$ 0.7	\$ 1.2	\$ —	\$ —
Interest cost	20.7	22.5	0.4	0.5
Expected return on plan assets	(28.7)	(26.4)	—	—
Amortization of actuarial loss	6.4	6.1	0.3	0.2
	(0.9)	3.4	0.7	0.7
Portion allocated to Revlon Holdings LLC	(0.1)	(0.1)	—	—
	\$ (1.0)	\$ 3.3	\$ 0.7	\$ 0.7

In the three and nine months ended September 30, 2013, the Company recognized net periodic benefit income of \$(0.1) million and \$(0.3) million, respectively, compared to net periodic benefit costs of \$1.3 million and \$4.0 million in the three and nine months ended September 30, 2012, respectively, primarily due to an increase in the fair value of pension plan assets at December 31, 2012, as well as the impact of the decrease in the weighted-average discount rate. Of the total net periodic benefit income of \$(0.1) million for the three months ended September 30, 2013, \$(0.6) million is recorded in cost of sales, \$0.6 million is recorded in SG&A expenses and \$(0.1) million is capitalized in inventory. Of the total net periodic benefit income of \$(0.3) million for the nine months ended September 30, 2013, \$(1.5) million is recorded in cost of sales, \$1.8 million is recorded in SG&A expenses and \$(0.6) million is capitalized in inventory. The Company expects that it will have net periodic benefit income of approximately \$(0.5) million for its pension and other post-retirement benefit plans for all of 2013, compared with net periodic benefit costs of \$3.9 million in 2012.

During the third quarter of 2013, \$8.2 million and \$0.2 million were contributed to the Company's pension and other post-retirement benefit plans, respectively. During the first nine months of 2013, \$15.4 million and \$0.6 million were contributed to the Company's pension plans and other post-retirement benefit plans, respectively. The Company currently expects to contribute approximately \$20 million in the aggregate to its pension and other post-retirement benefit plans in 2013.

Relevant aspects of the qualified defined benefit pension plans, nonqualified pension plans and other post-retirement benefit plans sponsored by Products Corporation are disclosed in Revlon, Inc.'s 2012 Form 10-K.

### 3. RESTRUCTURING CHARGES AND OTHER, NET

#### *September 2012 Program*

In September 2012, the Company announced a worldwide restructuring (the "September 2012 Program"), which primarily involved the Company exiting its owned manufacturing facility in France and its leased manufacturing facility in Maryland; rightsizing its organizations in France and Italy; and realigning its operations in Latin America, including consolidating Latin America and Canada into a single operating region, which became effective in the fourth quarter of 2012.

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A summary of the restructuring and related charges incurred through September 30, 2013 and expected to be incurred for the September 2012 Program, are as follows:

	<b>Restructuring Charges and Other, Net</b>						
	<b>Employee Severance and Other Personnel Benefits</b>	<b>Other</b>	<b>Total Restructuring Charges and Other, Net</b>	<b>Returns (a)</b>	<b>Inventory Write-offs (b)</b>	<b>Other Charges (c)</b>	<b>Total Restructuring and Related Charges</b>
Charges incurred through December 31, 2012 <sup>(d)</sup>	\$ 18.4	\$ 2.3	\$ 20.7	\$ 1.6	\$ 1.2	\$ 0.6	\$ 24.1
Charges (benefits) incurred for the nine months ended September 30, 2013 <sup>(e)</sup>	2.6	(0.8)	1.8	—	0.2	0.2	2.2
Cumulative charges incurred through September 30, 2013	<u>\$ 21.0</u>	<u>\$ 1.5</u>	<u>\$ 22.5</u>	<u>\$ 1.6</u>	<u>\$ 1.4</u>	<u>\$ 0.8</u>	<u>\$ 26.3</u>
Total expected net charges	<u>\$ 21.0</u>	<u>\$ 1.7</u>	<u>\$ 22.7</u>	<u>\$ 1.6</u>	<u>\$ 1.4</u>	<u>\$ 0.8</u>	<u>\$ 26.5</u>

(a) Returns are recorded as a reduction to net sales in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss).

(b) Inventory write-offs are recorded within cost of sales in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss).

(c) Other charges are recorded within SG&A expenses within the Company's Consolidated Statements of Operations and Comprehensive Income (Loss).

(d) Included within the \$18.4 million of employee severance and other personnel benefits is a net pension curtailment gain of \$1.5 million recognized in the year ended December 31, 2012.

(e) Included within the \$(0.8) million of other is a \$2.5 million gain on the July 2013 sale of the Company's manufacturing facility in France, which was recognized in the third quarter of 2013.

The Company expects net cash payments to total approximately \$24 million related to the September 2012 Program, of which \$3.8 million was paid in 2012, \$13.3 million was paid during the nine months ended September 30, 2013, approximately \$4 million is expected to be paid during the fourth quarter of 2013 and the remainder is expected to be paid in 2014. The total expected net cash payments of \$24 million include cash proceeds of \$2.7 million received in the third quarter of 2013 related to the sale of the Company's manufacturing facility in France.

Details of the movements in the restructuring reserve during the first nine months of 2013 are as follows:

	<b>Balance as of January 1, 2013</b>	<b>(Income) Expense, Net<sup>(a)</sup></b>	<b>Foreign Currency Translation</b>	<b>Utilized, Net</b>		<b>Balance as of September 30, 2013</b>
				<b>Cash</b>	<b>Noncash</b>	
<b>September 2012 Program:</b>						
Employee severance and other personnel benefits	\$ 18.0	\$ 2.6	\$ (0.2)	\$ (13.5)	\$ —	\$ 6.9
Other	0.9	1.7	—	(2.3)	—	0.3
Lease exit	0.3	—	—	(0.3)	—	—
Total restructuring reserve	<u>\$ 19.2</u>	<u>4.3</u>	<u>\$ (0.2)</u>	<u>\$ (16.1)</u>	<u>\$ —</u>	<u>\$ 7.2</u>
Gain on sale of France facility		(2.5)				
Total restructuring charges and other, net		<u>\$ 1.8</u>				

(a) During the nine months ended September 30, 2013, the Company recorded additional charges related to the September 2012 Program primarily due to changes in estimates related to severance and other termination benefits, partially offset by a \$2.5 million gain on the July 2013 sale of the Company's manufacturing facility in France.

As of September 30, 2013 and December 31, 2012, the restructuring reserve balance was included within accrued expenses and other in the Company's Consolidated Balance Sheets.

**4. INVENTORIES**

	September 30, 2013	December 31, 2012
Raw materials and supplies	\$ 37.8	\$ 36.6
Work-in-process	12.4	8.8
Finished goods	92.0	69.3
	<u>\$ 142.2</u>	<u>\$ 114.7</u>

**5. ACCRUED EXPENSES AND OTHER**

	September 30, 2013	December 31, 2012
Sales returns and allowances	\$ 69.8	\$ 87.0
Advertising and promotional costs	42.7	38.6
Compensation and related benefits	40.1	56.4
Taxes	17.4	15.6
Interest	8.9	15.2
Restructuring reserve	7.2	19.2
Other	39.9	44.3
	<u>\$ 226.0</u>	<u>\$ 276.3</u>

**6. LONG-TERM DEBT AND REDEEMABLE PREFERRED STOCK**

	September 30, 2013	December 31, 2012
Amended Term Loan Facility: 2011 Term Loan due 2017, net of discounts <sup>(a)</sup>	\$ 669.8	\$ 780.9
Amended Revolving Credit Facility <sup>(c)</sup>	—	—
5¾% Senior Notes due 2021 <sup>(b)</sup>	500.0	—
9¾% Senior Secured Notes due 2015, net of discounts <sup>(b)</sup>	—	328.0
Amended and Restated Senior Subordinated Term Loan due 2014 <sup>(d)</sup>	58.4	58.4
	<u>1,228.2</u>	<u>1,167.3</u>
Less current portion <sup>(a)</sup>	—	(21.5)
	<u>1,228.2</u>	<u>1,145.8</u>
Redeemable Preferred Stock <sup>(e)</sup>	48.6	48.4
	<u>\$ 1,276.8</u>	<u>\$ 1,194.2</u>

<sup>(a)</sup> In February 2013, Products Corporation consummated an amendment (the "February 2013 Term Loan Amendments") to its third amended and restated term loan agreement dated as of May 19, 2011 (as amended, the "2011 Term Loan Agreement" or the "2011 Term Loan Facility") for its 6.5-year term loan due November 19, 2017 (the "2011 Term Loan"). Refer to "Recent Debt Transactions – Term Loan Amendments - (i) February 2013 Term Loan Amendments" below for further discussion.

Additionally, in connection with the Colomer Acquisition, in August 2013, Products Corporation consummated further amendments (the "August 2013 Term Loan Amendments") to its 2011 Term Loan Agreement (as amended by the August 2013 Term Loan Amendments and the Incremental Amendment (as hereinafter defined), the "Amended Term Loan Agreement" or the "Amended Term Loan Facility"). Refer to "Recent Debt Transactions – Term Loan Amendments - (ii) August 2013 Term Loan Amendments and (iii) Incremental Amendment" below for further discussion.

<sup>(b)</sup> On February 8, 2013, Products Corporation issued \$500.0 million aggregate principal amount of 5¾% Senior Notes due February 15, 2021 (the "5¾% Senior Notes") to investors at par. Products Corporation used \$491.2 million of net proceeds (net of underwriters' fees) from the issuance of the 5¾% Senior Notes to repay or redeem all of the \$330 million outstanding aggregate principal amount of its 9¾% Senior Secured Notes due November 2015 (the "9¾% Senior Secured Notes"), as

well as to pay an aggregate of \$27.9 million for the applicable redemption and tender offer premiums, accrued interest and related fees and expenses. Products Corporation used a portion of the remaining proceeds, together with existing cash, to pay approximately \$113.0 million of principal on its 2011 Term Loan in conjunction with the February 2013 Term Loan Amendments. Products Corporation used the remaining balance available from the issuance of the 5¾% Senior Notes for general corporate purposes, including, without limitation, debt reduction transactions, such as repaying to Revlon, Inc. at maturity on October 8, 2013 the Contributed Loan (as defined below), which Revlon, Inc. used to pay the liquidation preference of Revlon, Inc.'s Series A Preferred Stock, par value \$0.01 per share (the "Preferred Stock"), in connection with its mandatory redemption on such date. Refer to "Recent Debt Transactions – 2013 Senior Notes Refinancing" below for further discussion.

- (c) In connection with the Colomer Acquisition, in August 2013, Products Corporation consummated an amendment (the "August 2013 Revolver Amendment") to its third amended and restated revolving credit agreement dated June 16, 2011 (as amended, the "Amended Revolving Credit Agreement"). Refer to "Recent Debt Transactions – Amended Revolving Credit Facility" below for further discussion.
- (d) For detail regarding Products Corporation's Amended and Restated Senior Subordinated Term Loan (the "Amended and Restated Senior Subordinated Term Loan"), consisting of (i) the \$58.4 million principal amount which remains owing from Products Corporation to various third parties (the "Non-Contributed Loan"), which matures on October 8, 2014, and (ii) the \$48.6 million principal amount which, at September 30, 2013 was due from Products Corporation to Revlon, Inc. (the "Contributed Loan"), and which Products Corporation repaid to Revlon, Inc. at maturity on October 8, 2013, see Note 10, "Long-Term Debt and Redeemable Preferred Stock," to the Consolidated Financial Statements in Revlon, Inc.'s 2012 Form 10-K.
- (e) The Preferred Stock was mandatorily redeemed in accordance with its certificate of designation and fully paid effective on October 8, 2013 and, accordingly, is presented as a current liability on the Company's Consolidated Balance Sheets as of September 30, 2013 and December 31, 2012. See Note 15, "Subsequent Events-Mandatory Redemption of Series A Preferred Stock". See also Note 10, "Long-Term Debt and Redeemable Preferred Stock," to the Consolidated Financial Statements in Revlon, Inc.'s 2012 Form 10-K for certain details regarding Revlon, Inc.'s Preferred Stock.

## Recent Debt Transactions

### *Term Loan and Revolving Credit Facility Amendments*

#### *(i) February 2013 Term Loan Amendments*

On February 21, 2013, Products Corporation consummated the February 2013 Term Loan Amendments, among Products Corporation, as borrower, a syndicate of lenders and Citicorp, USA, Inc. ("CUSA"), as administrative agent and collateral agent.

Pursuant to the February 2013 Term Loan Amendments, Products Corporation reduced the total aggregate principal amount outstanding under the 2011 Term Loan from \$788.0 million to \$675.0 million, using a portion of the proceeds from Products Corporation's issuance of its 5¾% Senior Notes (see "2013 Senior Notes Refinancing" below), together with cash on hand. The February 2013 Term Loan Amendments also reduced the interest rates on the 2011 Term Loan such that Eurodollar Loans bear interest at the Eurodollar Rate plus 3.00% per annum, with the Eurodollar Rate not to be less than 1.00% (compared to 3.50% and 1.25%, respectively, prior to the February 2013 Term Loan Amendments), while Alternate Base Rate loans bear interest at the Alternate Base Rate plus 2.00%, with the Alternate Base Rate not to be less than 2.00% (compared to 2.50% and 2.25%, respectively, prior to the February 2013 Term Loan Amendments) (and as each such term is defined in the 2011 Term Loan Agreement).

Pursuant to the February 2013 Term Loan Amendments, Products Corporation, under certain circumstances, also has the right to request the 2011 Term Loan be increased by up to the greater of (i) \$300 million and (ii) an amount such that Products Corporation's First Lien Secured Leverage Ratio (as defined in the 2011 Term Loan Agreement) does not exceed 3.50:1.00 (compared to \$300 million prior to the February 2013 Term Loan Amendments), provided that the lenders are not committed to provide any such increase.

For the nine months ended September 30, 2013, the Company incurred approximately \$1.2 million of fees and expenses in connection with the February 2013 Term Loan Amendments, of which, \$0.2 million was capitalized. The Company expensed the remaining \$1.0 million of fees and expenses and wrote-off \$1.5 million of unamortized debt discount and deferred financing costs. These amounts, totaling \$2.5 million, were recognized within loss on early extinguishment of debt in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss) for the nine months ended September 30, 2013.

(ii) August 2013 Term Loan Amendments

On August 19, 2013, in connection with the Colomer Acquisition, Products Corporation consummated the August 2013 Term Loan Amendments to its 2011 Term Loan Agreement, which permit, among other things: (i) Products Corporation's consummation of the Colomer Acquisition; and (ii) Products Corporation's incurring up to \$700 million of term loans to use as a source of funds to consummate the Colomer Acquisition and pay related fees and expenses. See Note 15, "Subsequent Events- Colomer Acquisition."

For the three and nine months ended September 30, 2013, the Company incurred approximately \$1.9 million of fees and expenses in connection with the August 2013 Term Loan Amendments. The Company capitalized \$1.7 million of fees and expenses, which are being amortized over the remaining life of the 2011 Term Loan using the effective interest method. The remaining \$0.2 million of fees and expenses were expensed as incurred.

(iii) Incremental Amendment

On August 19, 2013, in connection with the Colomer Acquisition, Products Corporation entered into an incremental amendment (the "Incremental Amendment") resulting in the Amended Term Loan Agreement with Citibank, N.A., JPMorgan Chase Bank, N.A., Bank of America, N.A, Credit Suisse AG, Cayman Islands Branch, Wells Fargo Bank, N.A. and Deutsche Bank AG New York Branch (collectively, the "Initial Acquisition Lenders") and Citicorp USA, Inc. as administrative agent and collateral agent pursuant to which the Initial Acquisition Lenders committed to provide up to \$700 million of term loans under the Amended Term Loan Agreement (the "Acquisition Term Loans"), which were used as a source of funds to consummate the Colomer Acquisition. See Note 15, "Subsequent Events- Colomer Acquisition."

For the three and nine months ended, September 30, 2013, the Company incurred approximately \$1.7 million of fees and expenses in connection with the Acquisition Term Loans. Such fees were capitalized and will be amortized over the life of the Acquisition Term Loans using the effective interest method beginning on the Closing Date.

(iv) Amended Revolving Credit Facility

On August 14, 2013, in connection with the Colomer Acquisition, Products Corporation consummated the August 2013 Revolver Amendment to the \$140.0 million asset-backed, multi-currency revolving credit facility (the "Amended Revolving Credit Facility") to permit, among other things: (a) Products Corporation's consummation of the Colomer Acquisition; and (b) Products Corporation's incurring up to \$700 million of the Acquisition Term Loans that Products Corporation used as a source of funds to consummate the Colomer Acquisition. Additionally, the August 2013 Revolver Amendment (1) reduced Products Corporation's interest rate spread over the LIBOR rate applicable to Eurodollar Loans under the facility from a range, based on availability, of 2.00% to 2.50%, to a range of 1.50% to 2.00%; (2) reduced the commitment fee on unused availability under the facility from 0.375% to 0.25%; and (3) extended the maturity of the facility, which was previously scheduled to mature in June 2016, to the earlier of (i) August 2018 or (ii) the date that is 90 days prior to the earliest maturity date of any term loans then outstanding under Products Corporation's bank term loan agreements, but not earlier than June 2016.

For the three and nine months ended September 30, 2013, the Company incurred approximately \$0.4 million of fees and expenses in connection with the August 2013 Revolver Amendment, which were capitalized and are being amortized over the life of the Amended Revolving Credit Facility using the effective interest method.

The following is a summary description of the Amended Revolving Credit Facility and the Amended Term Loan Facility. Unless otherwise indicated, capitalized terms have the meanings given to them in the Amended Revolving Credit Agreement and/or the Amended Term Loan Agreement, as applicable. Investors should refer to the Amended Revolving Credit Agreement and/or the Amended Term Loan Agreement for complete terms and conditions, as these summary descriptions are subject to a number of qualifications and exceptions.

Amended Revolving Credit Facility

Availability under the Amended Revolving Credit Facility varies based on a borrowing base that is determined by the value of eligible accounts receivable and eligible inventory in the U.S. and the U.K. and eligible real property and equipment in the U.S. from time to time.

In each case subject to borrowing base availability, the Amended Revolving Credit Facility is available to:

- (i) Products Corporation in revolving credit loans denominated in U.S. Dollars;
- (ii) Products Corporation in swing line loans denominated in U.S. Dollars up to \$30.0 million;
- (iii) Products Corporation in standby and commercial letters of credit denominated in U.S. Dollars and other currencies up to \$60.0 million; and
- (iv) Products Corporation and certain of its international subsidiaries designated from time to time in revolving credit loans and bankers' acceptances denominated in U.S. Dollars and other currencies.

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If the value of the eligible assets is not sufficient to support the \$140.0 million borrowing base under the Amended Revolving Credit Facility, Products Corporation will not have full access to the Amended Revolving Credit Facility. Products Corporation's ability to borrow under the Amended Revolving Credit Facility is also conditioned upon the satisfaction of certain conditions precedent and Products Corporation's compliance with other covenants in the Amended Revolving Credit Agreement.

As a result of the August 2013 Revolver Amendment, under the Amended Revolving Credit Facility, borrowings (other than loans in foreign currencies) bear interest, if made as Eurodollar Loans, at the Eurodollar Rate plus the applicable margin set forth in the grid below and, if made as Alternate Base Rate Loans, at the Alternate Base Rate plus the applicable margin set forth in the grid below.

<b>Excess Availability</b>	<b>Alternate Base Rate Loans</b>	<b>Eurodollar Loans, Eurocurrency Loan or Local Rate Loans</b>
Greater than or equal to \$92,000,000	0.50%	1.50%
Less than \$92,000,000 but greater than or equal to \$46,000,000	0.75%	1.75%
Less than \$46,000,000	1.00%	2.00%

Local Loans bear interest, if mutually acceptable to Products Corporation and the relevant foreign lenders, at the Local Rate, and otherwise (i) if in foreign currencies or in U.S. Dollars at the Eurodollar Rate or the Eurocurrency Rate plus the applicable margin set forth in the grid above or (ii) if in U.S. Dollars at the Alternate Base Rate plus the applicable margin set forth in the grid above.

Prior to the termination date of the Amended Revolving Credit Facility, revolving loans are required to be prepaid (without any permanent reduction in commitment) with:

- (i) the net cash proceeds from sales of Revolving Credit First Lien Collateral by Products Corporation or any of Products Corporation's subsidiary guarantors (other than dispositions in the ordinary course of business and certain other exceptions); and
- (ii) the net proceeds from the issuance by Products Corporation or any of its subsidiaries of certain additional debt, to the extent there remains any such proceeds after satisfying Products Corporation's repayment obligations under the Amended Term Loan Facility.

As a result of the August 2013 Revolver Amendment, Products Corporation pays to the lenders under the Amended Revolving Credit Facility a commitment fee of 0.25% of the average daily unused portion of the Amended Revolving Credit Facility, which fee is payable quarterly in arrears. Under the Amended Revolving Credit Facility, Products Corporation also pays:

- (i) to foreign lenders a fronting fee of 0.25% per annum on the aggregate principal amount of specified Local Loans (which fee is retained by foreign lenders out of the portion of the Applicable Margin payable to such foreign lender);
- (ii) to foreign lenders an administrative fee of 0.25% per annum on the aggregate principal amount of specified Local Loans;
- (iii) to the multi-currency lenders a letter of credit commission equal to the product of (a) the Applicable Margin for revolving credit loans that are Eurodollar Rate loans (adjusted for the term that the letter of credit is outstanding) and (b) the aggregate undrawn face amount of letters of credit; and
- (iv) to the issuing lender, a letter of credit fronting fee of 0.25% per annum of the aggregate undrawn face amount of letters of credit, which fee is a portion of the Applicable Margin.

As a result of the August 2013 Revolver Amendment, under certain circumstances, Products Corporation has the right to request that the Amended Revolving Credit Facility be increased by up to \$100.0 million (compared to \$60.0 million under the 2011 Revolving Credit Facility), provided that the lenders are not committed to provide any such increase.

Under certain circumstances, if and when the difference between (i) the borrowing base under the Amended Revolving Credit Facility and (ii) the amounts outstanding under the Amended Revolving Credit Facility is less than \$20.0 million for a period of two consecutive days or more, and until such difference is equal to or greater than \$20.0 million for a period of 30 consecutive business days, the Amended Revolving Credit Facility requires Products Corporation to maintain a consolidated fixed charge coverage ratio (the ratio of EBITDA minus Capital Expenditures to Cash Interest Expense for such period) of a minimum of 1.0 to 1.0.

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As a result of the August 2013 Revolver Amendment, the Amended Revolving Credit Facility matures on the earlier of August 14, 2018 and the date that is 90 days prior to the earliest maturity date of any Term loans then outstanding under the Amended Term Loan Facility, but not earlier than June 16, 2016.

Amended Term Loan Facility

Under the Amended Term Loan Facility, Eurodollar Loans bear interest at the Eurodollar Rate plus 3.00% per annum (with the Eurodollar Rate not to be less than 1.00%) and Alternate Base Rate loans bear interest at the Alternate Base Rate plus 2.00% (with the Alternate Base Rate not to be less than 2.00%).

The term loans under the Amended Term Loan Facility are required to be prepaid with:

- (i) the net cash proceeds in excess of \$10 million for each 12-month period ending on March 31 received during such period from sales of Term Loan First Lien Collateral by Products Corporation or any of its subsidiary guarantors with carryover of unused annual basket amounts up to a maximum of \$25 million and with respect to certain specified dispositions up to an additional \$25 million in the aggregate (subject to a reinvestment right for 365 days, or 545 days if the Company has within such 365-day period entered into a legally binding commitment to invest such funds);
- (ii) the net proceeds from the issuance by Products Corporation or any of its subsidiaries of certain additional debt; and
- (iii) 50% of Products Corporation's "excess cash flow" (as defined under the Amended Term Loan Agreement), commencing with excess cash flow for the 2013 fiscal year payable in the first 100 days of 2014.

The Amended Term Loan Facility contains a financial covenant limiting Products Corporation's first lien senior secured leverage ratio (the ratio of Products Corporation's senior secured debt that has a lien on the collateral which secures the Amended Term Loan Facility that is not junior or subordinated to the liens securing the Amended Term Loan Facility (excluding debt outstanding under the Amended Revolving Credit Facility)) to EBITDA, as each such term is defined in the Amended Term Loan Facility, to no more than 4.25 to 1.0 (pursuant to the August 2013 Term Loan Amendments) for each period of four consecutive fiscal quarters ending during the period from June 30, 2011 to the maturity date of the Amended Term Loan Facility.

The 2011 Term Loan under the Amended Term Loan Facility matures on November 19, 2017. The Acquisition Term Loans under the Amended Term Loan Facility will have the same terms as the 2011 Term Loans, except that: (i) they will mature on the sixth anniversary of the consummation of the Colomer Acquisition (or October 9, 2019); (ii) they will be subject to a 1% premium in connection with any repayment or amendment that results in a repricing of the Acquisition Term Loans occurring within six months after the consummation of the Colomer Acquisition; and (iii) they will amortize on March 31, June 30, September 30 and December 31 of each year, beginning with the last day of the first full fiscal quarter after the consummation of the Colomer Acquisition, in an amount equal to 0.25% of the aggregate principal amount of such Acquisition Term Loans.

Provisions Applicable to the Amended Term Loan Facility and the Amended Revolving Credit Facility

The Amended Term Loan Agreement and the Amended Revolving Credit Agreement are supported by, among other things, guarantees from Revlon, Inc. and, subject to certain limited exceptions, Products Corporation's domestic subsidiaries. Products Corporation's obligations under the Amended Term Loan Agreement and the Amended Revolving Credit Agreement and the obligations under such guarantees are secured by, subject to certain limited exceptions, substantially all of Products Corporation's assets and the assets of the guarantors, including:

- (i) a mortgage on owned real property, including Products Corporation's facility in Oxford, North Carolina;
- (ii) Products Corporation's capital stock and the capital stock of the subsidiary guarantors and 66% of the voting capital stock and 100% of the non-voting capital stock of Products Corporation's and the subsidiary guarantors' first-tier, non-U.S. subsidiaries;
- (iii) Products Corporation's and the subsidiary guarantors' intellectual property and other intangible property; and
- (iv) Products Corporation's and the subsidiary guarantors' inventory, accounts receivable, equipment, investment property and deposit accounts.

The liens on, among other things, inventory, accounts receivable, deposit accounts, investment property (other than Products Corporation's capital stock and the capital stock of Products Corporation's subsidiaries), real property, equipment, fixtures and certain intangible property secure the Amended Revolving Credit Facility on a first priority basis and the Amended Term Loan Facility on a second priority basis. The liens on Products Corporation's capital stock and the capital stock of Products Corporation's subsidiaries and intellectual property and certain other intangible property secure the Amended Term Loan Facility on a first priority basis and the Amended Revolving Credit Facility on a second priority basis. Such arrangements are set forth in the Third Amended and Restated Intercreditor and Collateral Agency Agreement, dated as of March 11, 2010, by and among Products Corporation and Citicorp USA, Inc., as administrative agent and as collateral agent for the benefit of the secured parties for the Amended Term Loan



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Facility and Amended Revolving Credit Facility (the “2010 Intercreditor Agreement”). The 2010 Intercreditor Agreement also provides that the liens referred to above may be shared from time to time, subject to certain limitations, with specified types of other obligations incurred or guaranteed by Products Corporation, such as foreign exchange and interest rate hedging obligations and foreign working capital lines.

The Amended Term Loan Agreement and the Amended Revolving Credit Agreement contain various restrictive covenants prohibiting Products Corporation and its subsidiaries from:

- (i) incurring additional indebtedness or guarantees, with certain exceptions;
- (ii) making dividend and other payments or loans to Revlon, Inc. or other affiliates, with certain exceptions, including among others:
  - (a) exceptions permitting Products Corporation to pay dividends or make other payments to Revlon, Inc. to enable it to, among other things, pay expenses incidental to being a public holding company, including, among other things, professional fees such as legal, accounting and insurance fees, regulatory fees, such as SEC filing fees and NYSE listing fees, and other expenses related to being a public holding company;
  - (b) subject to 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 Third Amended and Restated Revlon Stock Plan and/or the payment of withholding taxes in connection with the vesting of restricted stock awards under such plan;
  - (c) subject to certain limitations, to pay dividends or make other payments to finance the purchase, redemption or other retirement for value by Revlon, Inc. of stock or other equity interests or equivalents in Revlon, Inc. held by any current or former director, employee or consultant in his or her capacity as such; and
  - (d) subject to certain limitations, to make other restricted payments to Products Corporation’s affiliates in an amount up to \$10 million per year (plus \$10 million for each calendar year commencing with 2011), other restricted payments in an aggregate amount not to exceed \$35 million and certain other restricted payments, including without limitation those based upon certain financial tests;
- (iii) creating liens or other encumbrances on Products Corporation’s or its subsidiaries’ assets or revenues, granting negative pledges or selling or transferring any of Products Corporation’s or its subsidiaries’ assets, all subject to certain limited exceptions;
- (iv) with certain exceptions, engaging in merger or acquisition transactions;
- (v) prepaying indebtedness and modifying the terms of certain indebtedness and specified material contractual obligations, subject to certain exceptions;
- (vi) making investments, subject to certain exceptions; and
- (vii) entering into transactions with Products Corporation’s affiliates involving aggregate payments or consideration in excess of \$10 million other than upon terms that are not materially less favorable when taken as a whole to Products Corporation or its subsidiaries as terms that would be obtainable at the time for a comparable transaction or series of similar transactions in arm’s length dealings with an unrelated third person and where such payments or consideration exceed \$20 million, unless such transaction has been approved by all of Products Corporation’s independent directors, subject to certain exceptions.

The events of default under each of the Amended Term Loan Agreement and the Amended Revolving Credit Agreement include customary events of default for such types of agreements, including, among others:

- (i) nonpayment of any principal, interest or other fees when due, subject in the case of interest and fees to a grace period;
- (ii) non-compliance with the covenants in the Amended Term Loan Agreement, the Amended Revolving Credit Agreement or the ancillary security documents, subject in certain instances to grace periods;
- (iii) the institution of any bankruptcy, insolvency or similar proceedings by or against Products Corporation, any of its subsidiaries or Revlon, Inc., subject in certain instances to grace periods;
- (iv) default by Revlon, Inc. or any of its subsidiaries (A) in the payment of certain indebtedness when due (whether at maturity or by acceleration) in excess of \$50.0 million in aggregate principal amount or (B) in the observance or performance of any other agreement or condition relating to such debt, provided that the amount of debt involved is in excess of \$50.0 million in aggregate principal amount, or the occurrence of any other event, the effect of which default

referred to in this subclause (iv) is to cause or permit the holders of such debt to cause the acceleration of payment of such debt;

(v) in the case of the Amended Term Loan Facility, a cross default under the Amended Revolving Credit Facility, and in the case of the Amended Revolving Credit Facility, a cross default under the Amended Term Loan Facility;

(vi) the failure by Products Corporation, certain of Products Corporation's subsidiaries or Revlon, Inc. to pay certain material judgments;

(vii) a change of control such that (A) Revlon, Inc. shall cease to be the beneficial and record owner of 100% of Products Corporation's capital stock, (B) Ronald O. Perelman (or his estate, heirs, executors, administrator or other personal representative) and his or their controlled affiliates shall cease to "control" Products Corporation, and any other person or group of persons owns, directly or indirectly, more than 35% of Products Corporation's total voting power, (C) any person or group of persons other than Ronald O. Perelman (or his estate, heirs, executors, administrator or other personal representative) and his or their controlled affiliates shall "control" Products Corporation or (D) during any period of two consecutive years, the directors serving on Products Corporation's Board of Directors at the beginning of such period (or other directors nominated by at least a majority of such continuing directors) shall cease to be a majority of the directors;

(viii) Revlon, Inc. shall have any meaningful assets or indebtedness or shall conduct any meaningful business other than its ownership of Products Corporation and such activities as are customary for a publicly traded holding company which is not itself an operating company, in each case subject to limited exceptions; and

(ix) the failure of certain affiliates which hold Products Corporation's or its subsidiaries' indebtedness to be party to a valid and enforceable agreement prohibiting such affiliate from demanding or retaining payments in respect of such indebtedness, subject to certain exceptions, including as to Products Corporation's Amended and Restated Senior Subordinated Term Loan.

If Products Corporation is in default under the senior secured leverage ratio under the Amended Term Loan Facility or the consolidated fixed charge coverage ratio under the Amended Revolving Credit Agreement, Products Corporation may cure such default by issuing certain equity securities to, or receiving capital contributions from, Revlon, Inc. and applying such cash which is deemed to increase EBITDA for the purpose of calculating the applicable ratio. Products Corporation may exercise this cure right two times in any four-quarter period.

### ***2013 Senior Notes Refinancing***

On February 8, 2013, Products Corporation completed its offering (the "2013 Senior Notes Refinancing"), pursuant to an exemption from registration under the Securities Act of 1933 (as amended, the "Securities Act"), of \$500.0 million aggregate principal amount of the 5¾% Senior Notes. The 5¾% Senior Notes are unsecured and were issued to investors at par. The 5¾% Senior Notes mature on February 15, 2021. Interest on the 5¾% Senior Notes accrues at 5¾% per annum, paid every six months on February 15<sup>th</sup> and August 15<sup>th</sup>, with the first interest payment due on August 15, 2013 (subject to the payment of certain additional interest referred to below under "Registration Rights").

The 5¾% Senior Notes were issued pursuant to an indenture (the "5¾% Senior Notes Indenture"), dated as of February 8, 2013 (the "Closing Date"), by and among Products Corporation, Products Corporation's domestic subsidiaries (the "Guarantors"), which also currently guarantee Products Corporation's Amended Term Loan Facility and Amended Revolving Credit Facility, and U.S. Bank National Association, as trustee. The Guarantors issued guarantees (the "Guarantees") of Products Corporation's obligations under the 5¾% Senior Notes and the 5¾% Senior Notes Indenture on a joint and several, senior unsecured basis.

Products Corporation used a portion of the \$491.2 million of net proceeds from the issuance of the 5¾% Senior Notes (net of underwriters' fees) to repay and redeem all of the \$330 million outstanding aggregate principal amount of its 9¾% Senior Secured Notes, as well as to pay \$8.6 million of accrued interest. Products Corporation incurred an aggregate of \$19.3 million of fees for the applicable redemption and tender offer premiums, related fees and expenses in connection with redemption and repayment of the 9¾% Senior Secured Notes and other fees and expenses in connection with the issuance of the 5¾% Senior Notes. Products Corporation used a portion of the remaining proceeds from the issuance of the 5¾% Senior Notes, together with existing cash, to pay approximately \$113.0 million of principal on its 2011 Term Loan in conjunction with the February 2013 Term Loan Amendments. Products Corporation used the remaining balance available from the issuance of the 5¾% Senior Notes for general corporate purposes, including, without limitation, debt reduction transactions, such as repaying to Revlon, Inc. at maturity on October 8, 2013 the Contributed Loan, which Revlon, Inc. used to pay the liquidation preference of Revlon, Inc.'s Preferred Stock in connection with its mandatory redemption on such date. See also Note 15, "Subsequent Events-Mandatory Redemption of Series A Preferred Stock."

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In connection with these refinancing transactions, the Company capitalized \$10.5 million of fees and expenses incurred related to the issuance of the 5¾% Senior Notes, which is being amortized over the term of such notes using the effective interest method. The Company also recognized a loss on the early extinguishment of debt of \$25.4 million during the first nine months of 2013, comprised of \$17.6 million of redemption and tender offer premiums, as well as fees and expenses which were expensed as incurred in connection with the redemption and repayment of the 9¾% Senior Secured Notes, as well as the write-off of \$7.8 million of unamortized debt discount and deferred financing costs associated with the 9¾% Senior Secured Notes.

*Ranking*

The 5¾% Senior Notes are Products Corporation’s unsubordinated, unsecured obligations and rank senior in right of payment to any future subordinated obligations of Products Corporation and rank pari passu in right of payment with all existing and future senior debt of Products Corporation. Similarly, each Guarantee is the relevant Guarantor’s joint and several, unsubordinated and unsecured obligation and ranks senior in right of payment to any future subordinated obligations of such Guarantor and ranks pari passu in right of payment with all existing and future senior debt of such Guarantor.

The 5¾% Senior Notes and the Guarantees rank effectively junior to Products Corporation’s Amended Term Loan Facility and Amended Revolving Credit Facility, which are secured, as well as indebtedness and preferred stock of Products Corporation’s foreign and immaterial subsidiaries (the “Non-Guarantor Subsidiaries”), none of which guarantee the 5¾% Senior Notes.

*Optional Redemption*

On and after February 15, 2016, the 5¾% Senior Notes may be redeemed at Products Corporation's option, at any time as a whole, or from time to time in part, at the following redemption prices (expressed as percentages of principal amount), plus accrued interest to the date of redemption, if redeemed during the 12-month period beginning on February 15<sup>th</sup> of the years indicated below:

Year	Percentage
2016	104.313%
2017	102.875%
2018	101.438%
2019 and thereafter	100.000%

Products Corporation may redeem the 5¾% Senior Notes at its option at any time or from time to time prior to February 15, 2016, as a whole or in part, at a redemption price per 5¾% Senior Note equal to the sum of (1) the then outstanding principal amount thereof, plus (2) accrued and unpaid interest (if any) to the date of redemption, plus (3) the applicable premium based on the applicable treasury rate plus 75 basis points.

Prior to February 15, 2016, Products Corporation may, from time to time, redeem up to 35% of the aggregate principal amount of the 5¾% Senior Notes and any additional notes with, and to the extent Products Corporation actually receives, the net proceeds of one or more equity offerings from time to time, at 105.75% of the principal amount thereof, plus accrued interest to the date of redemption.

*Change of Control*

Upon the occurrence of specified change of control events, Products Corporation is required to make an offer to purchase all of the 5¾% Senior Notes at a purchase price of 101% of the outstanding principal amount of the 5¾% Senior Notes as of the date of any such repurchase, plus accrued and unpaid interest to the date of repurchase.

*Certain Covenants*

The 5¾% Senior Notes Indenture limits Products Corporation’s and the Guarantors’ ability, and the ability of certain other subsidiaries, to:

- incur or guarantee additional indebtedness (“Limitation on Debt”);
- pay dividends, make repayments on indebtedness that is subordinated in right of payment to the 5¾% Senior Notes and make other “restricted payments” (“Limitation on Restricted Payments”);
- make certain investments;
- create liens on their assets to secure debt;
- enter into transactions with affiliates;
- merge, consolidate or amalgamate with another company (“Successor Company”);
- transfer and sell assets (“Limitation on Asset Sales”); and
- permit restrictions on the payment of dividends by Products Corporation’s subsidiaries (“Limitation on Dividends from Subsidiaries”).

These covenants are subject to important qualifications and exceptions. The 5¾% Senior Notes Indenture also contains customary affirmative covenants and events of default.

In addition, if during any period of time the 5¾% Senior Notes receive investment grade ratings from both Standard & Poor's and Moody's Investors Services, Inc. and no default or event of default has occurred and is continuing under the 5¾% Senior Notes Indenture, Products Corporation and its subsidiaries will not be subject to the covenants on Limitation on Debt, Limitation on Restricted Payments, Limitation on Asset Sales, Limitation on Dividends from Subsidiaries and certain provisions of the Successor Company covenant.

#### *Registration Rights*

On the Closing Date, Products Corporation, the Guarantors and the representatives of the initial purchasers of the 5¾% Senior Notes entered into a Registration Rights Agreement, pursuant to which Products Corporation and the Guarantors agreed with the representatives of the initial purchasers, for the benefit of the holders of the 5¾% Senior Notes, that Products Corporation will, at its cost, among other things: (i) file a registration statement with respect to the 5¾% Senior Notes within 150 days after the Closing Date to be used in connection with the exchange of the 5¾% Senior Notes and related guarantees for publicly registered notes and related guarantees with substantially identical terms in all material respects (except for the transfer restrictions relating to the 5¾% Senior Notes and interest rate increases as described below); (ii) use its reasonable best efforts to cause the applicable registration statement to become effective under the Securities Act within 210 days after the Closing Date; and (iii) use its reasonable best efforts to effect an exchange offer of the 5¾% Senior Notes and the related guarantees for registered notes and related guarantees within 270 days after the Closing Date. In addition, under certain circumstances, Products Corporation may be required to file a shelf registration statement to cover resales of the 5¾% Senior Notes. If Products Corporation fails to satisfy such obligations, it will be obligated to pay additional interest to each holder of the 5¾% Senior Notes that are subject to transfer restrictions, with respect to the first 90-day period immediately following any such failure, at a rate of 0.25% per annum on the principal amount of the 5¾% Senior Notes that are subject to transfer restrictions held by such holder. The amount of additional interest will increase by an additional 0.25% per annum with respect to each subsequent 90-day period until all registration requirements have been satisfied, up to a maximum amount of additional interest of 0.50% per annum on the principal amount of the 5¾% Senior Notes that are subject to transfer restrictions. Pursuant to the Registration Agreement, in May 2013 Products Corporation filed a registration statement, and filed amended registration statements in June and July 2013, with the SEC that, when such statement becomes effective, will permit holders of the 5¾% Senior Notes to exchange such notes for new notes that will have substantially identical terms to the 5¾% Senior Notes, except that (1) the new notes and the related guarantees will be registered with the SEC under the Securities Act, and (2) the transfer restrictions and registration rights currently applicable to the 5¾% Senior Notes would no longer apply to the new notes.

The registration statement for the 5¾% Senior Notes has not been declared effective by the SEC due to the requirements to include certain financial information regarding Colomer, on a historical and pro forma basis, in the registration statement. Such financial information was not available for inclusion in the registration statement within the time frame required under the Registration Rights Agreement for the registration statement to be declared effective, thereby requiring the payment of additional interest on the 5¾% Senior Notes as described above. Accordingly, the Company has accrued \$0.3 million of additional interest as of September 30, 2013 with respect to and including the first 90-day period pursuant to the provisions of the Registration Rights Agreement described above, which period began on September 6, 2013.

#### **Covenants**

Products Corporation was in compliance with all applicable covenants under the Amended Term Loan Agreement and the Amended Revolving Credit Agreement as of September 30, 2013. At September 30, 2013, the aggregate principal amount outstanding under the 2011 Term Loan was \$675.0 million and availability under the \$140.0 million Amended Revolving Credit Facility, based upon the calculated borrowing base less \$9.8 million of outstanding undrawn letters of credit and nil then drawn on the Amended Revolving Credit Facility, was \$130.2 million.

Products Corporation was in compliance with all applicable covenants under its 5¾% Senior Notes Indenture as of September 30, 2013 and its 9¾% Senior Secured Notes Indenture as of December 31, 2012.

#### **7. BASIC AND DILUTED EARNINGS (LOSS) PER COMMON SHARE**

Shares used in basic earnings (loss) per common share are computed using the weighted average number of common shares outstanding during each period. Shares used in diluted earnings per common share include the dilutive effect of unvested restricted shares and outstanding stock options under the Company's stock plan using the treasury stock method. For the three and nine months ended September 30, 2013 and 2012, all outstanding options to purchase shares of Revlon, Inc. Class A common stock, par value of \$0.01 per share (the "Class A Common Stock"), that could potentially dilute basic earnings per common share in the

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future were excluded from the calculation of diluted earnings per common share as their effect would be anti-dilutive, as in each case their exercise price was in excess of the average NYSE closing price of the Class A Common Stock for these periods.

For the three and nine months ended September 30, 2012, 121 and 4,465 weighted average shares of unvested restricted stock that could potentially dilute basic earnings per common share in the future were excluded from the calculation of diluted earnings per common share as their effect would be anti-dilutive. For the three and nine months ended September 30, 2013, there were no shares of unvested restricted stock outstanding.

The components of basic and diluted earnings (loss) per common share for the three and nine months ended September 30, 2013 and 2012 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
<b>Numerator:</b>				
Income (loss) from continuing operations	\$ 9.5	\$ (15.0)	\$ 27.0	\$ 4.2
Income from discontinued operations	—	—	0.3	0.4
Net income (loss)	\$ 9.5	\$ (15.0)	\$ 27.3	\$ 4.6
<b>Denominator:</b>				
Weighted average common shares outstanding – Basic	52,356,798	52,356,641	52,356,798	52,345,895
Effect of dilutive restricted stock	—	—	—	11,016
Weighted average common shares outstanding – Diluted	52,356,798	52,356,641	52,356,798	52,356,911
<b>Basic earnings (loss) per common share:</b>				
Continuing operations	\$ 0.18	\$ (0.29)	\$ 0.51	\$ 0.08
Discontinued operations	—	—	0.01	0.01
Net income (loss)	\$ 0.18	\$ (0.29)	\$ 0.52	\$ 0.09
<b>Diluted earnings (loss) per common share:</b>				
Continuing operations	\$ 0.18	\$ (0.29)	\$ 0.51	\$ 0.08
Discontinued operations	—	—	0.01	0.01
Net income (loss)	\$ 0.18	\$ (0.29)	\$ 0.52	\$ 0.09

## 8. ACCUMULATED OTHER COMPREHENSIVE LOSS

The components of accumulated other comprehensive loss as of September 30, 2013 are as follows:

	Foreign Currency Translation	Actuarial (Loss) Gain on Post-retirement Benefits	Accumulated Other Comprehensive Loss
Balance January 1, 2013	\$ 23.3	\$ (231.5)	\$ (208.2)
Currency translation adjustment, net of tax expense of \$3.2	(3.6)	—	(3.6)
Amortization of pension related costs, net of tax benefit of \$(0.9)	—	5.8	5.8
Other comprehensive (loss) income	(3.6)	5.8	2.2
Balance September 30, 2013	\$ 19.7	\$ (225.7)	\$ (206.0)

## 9. GEOGRAPHIC, FINANCIAL AND OTHER INFORMATION

The Company manages its business on the basis of one reportable operating segment. As of September 30, 2013, the Company had operations established in 14 countries outside of the U.S. and its products are sold throughout the world. Generally, net sales by geographic area are presented by attributing revenues from external customers on the basis of where the products are sold.

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	Three Months Ended September 30,				Nine Months Ended September 30,							
	2013		2012		2013		2012					
<b>Geographic area:</b>												
Net sales:												
United States	\$	185.8	55%	\$	192.0	55%	\$	581.8	57%	\$	580.6	56%
Outside of the United States		153.6	45%		155.0	45%		439.6	43%		454.2	44%
	\$	<u>339.4</u>		\$	<u>347.0</u>		\$	<u>1,021.4</u>		\$	<u>1,034.8</u>	

	September 30, 2013				December 31, 2012					
<b>Long-lived assets, net:</b>										
United States	\$	441.0	91%	\$	431.7	90%				
Outside of the United States		46.2	9%		48.5	10%				
	\$	<u>487.2</u>		\$	<u>480.2</u>					

	Three Months Ended September 30,				Nine Months Ended September 30,							
	2013		2012		2013		2012					
<b>Classes of similar products:</b>												
Net sales:												
Color cosmetics	\$	218.1	64%	\$	225.0	65%	\$	678.0	66%	\$	680.0	66%
Beauty care and fragrance		121.3	36%		122.0	35%		343.4	34%		354.8	34%
	\$	<u>339.4</u>		\$	<u>347.0</u>		\$	<u>1,021.4</u>		\$	<u>1,034.8</u>	

## 10. FAIR VALUE MEASUREMENTS

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

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

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As of September 30, 2013, the fair values of the Company's financial assets and liabilities that are required to be measured at fair value, namely its foreign currency forward exchange contracts ("FX Contracts"), are categorized in the table below:

	Total	Level 1	Level 2	Level 3
<b>Assets:</b>				
Derivatives:				
FX Contracts <sup>(a)</sup>	\$ 0.5	\$ —	\$ 0.5	\$ —
Total assets at fair value	<u>\$ 0.5</u>	<u>\$ —</u>	<u>\$ 0.5</u>	<u>\$ —</u>
<b>Liabilities:</b>				
Derivatives:				
FX Contracts <sup>(a)</sup>	\$ 0.4	\$ —	\$ 0.4	\$ —
Total liabilities at fair value	<u>\$ 0.4</u>	<u>\$ —</u>	<u>\$ 0.4</u>	<u>\$ —</u>

As of December 31, 2012, the fair values of the Company's financial assets and liabilities that are required to be measured at fair value, namely its FX Contracts, are categorized in the table below:

	Total	Level 1	Level 2	Level 3
<b>Assets:</b>				
Derivatives:				
FX Contracts <sup>(a)</sup>	\$ 0.1	\$ —	\$ 0.1	\$ —
Total assets at fair value	<u>\$ 0.1</u>	<u>\$ —</u>	<u>\$ 0.1</u>	<u>\$ —</u>
<b>Liabilities:</b>				
Derivatives:				
FX Contracts <sup>(a)</sup>	\$ 0.4	\$ —	\$ 0.4	\$ —
Total liabilities at fair value	<u>\$ 0.4</u>	<u>\$ —</u>	<u>\$ 0.4</u>	<u>\$ —</u>

<sup>(a)</sup> The fair value of the Company's FX Contracts was measured based on observable market transactions of spot and forward rates on the respective dates. See Note 11, "Financial Instruments."

As of September 30, 2013, the fair values and carrying values of the Company's long-term debt, including the current portion of long-term debt, and Preferred Stock, are categorized in the table below:

	Fair Value				Carrying Value
	Level 1	Level 2	Level 3	Total	
<b>Liabilities:</b>					
Long-term debt, including current portion	\$ —	\$ 1,214.7	\$ —	\$ 1,214.7	\$ 1,228.2
Preferred Stock	—	48.6	—	48.6	48.6
	<u>\$ —</u>	<u>\$ 1,263.3</u>	<u>\$ —</u>	<u>\$ 1,263.3</u>	<u>\$ 1,276.8</u>

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As of December 31, 2012, the fair values and carrying values of the Company's long-term debt, including the current portion of long-term debt, and Preferred Stock, are categorized in the table below:

	Fair Value				Carrying Value
	Level 1	Level 2	Level 3	Total	
<b>Liabilities:</b>					
Long-term debt, including current portion	\$ —	\$ 1,196.7	\$ —	\$ 1,196.7	\$ 1,167.3
Preferred Stock	—	49.2	—	49.2	48.4
	<u>\$ —</u>	<u>\$ 1,245.9</u>	<u>\$ —</u>	<u>\$ 1,245.9</u>	<u>\$ 1,215.7</u>

See Note 15, "Subsequent Events - Mandatory Redemption of Series A Preferred Stock."

The fair value of the Company's long-term debt, including the current portion of long-term debt, and Preferred Stock, is based on the quoted market prices for the same issues or on the current rates offered for debt of similar remaining maturities.

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

## 11. FINANCIAL INSTRUMENTS

Products Corporation maintains standby and trade letters of credit for various corporate purposes under which Products Corporation is obligated, of which \$9.8 million and \$10.4 million (including amounts available under credit agreements in effect at that time) were maintained at September 30, 2013 and December 31, 2012, respectively. Included in these amounts is approximately \$8.1 million and \$8.7 million at September 30, 2013 and December 31, 2012, respectively, in standby letters of credit which support Products Corporation's self-insurance programs. The estimated liability under such programs is accrued by Products Corporation.

### *Derivative Financial Instruments*

The Company uses derivative financial instruments, primarily FX Contracts, intended for the purpose of managing foreign currency exchange risk by reducing the effects of fluctuations in foreign currency exchange rates on the Company's net cash flows. The Company may also enter into interest rate hedging transactions intended for the purpose of managing interest rate risk associated with Products Corporation's variable rate indebtedness.

#### *Foreign Currency Forward Exchange Contracts*

The FX Contracts are entered into primarily to hedge the anticipated net cash flows resulting from inventory purchases and intercompany payments denominated in currencies other than the local currencies of the Company's foreign and domestic operations and generally have maturities of less than one year.

The U.S. Dollar notional amount of the FX Contracts outstanding at September 30, 2013 and December 31, 2012 was \$46.2 million and \$43.9 million, respectively.

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



**Quantitative Information – Derivative Financial Instruments**

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

(a) Fair Values of Derivative Financial Instruments in Consolidated Balance Sheets:

	Fair Values of Derivative Instruments					
	Assets			Liabilities		
	Balance Sheet Classification	September 30, 2013 Fair Value	December 31, 2012 Fair Value	Balance Sheet Classification	September 30, 2013 Fair Value	December 31, 2012 Fair Value
<i>Derivatives not designated as hedging instruments:</i>						
FX Contracts <sup>(i)</sup>	Prepaid expenses and other	\$ 0.5	\$ 0.1	Accrued Expenses	\$ 0.4	\$ 0.4

<sup>(i)</sup> The fair values of the FX Contracts at September 30, 2013 and December 31, 2012 were determined by using observable market transactions of spot and forward rates at September 30, 2013 and December 31, 2012, respectively.

(b) Effects of Derivative Financial Instruments on the Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and nine months ended September 30, 2013 and 2012:

	Amount of (Loss) Gain Recognized in Foreign Currency (Gains) Losses, Net			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
<i>Derivatives not designated as hedging instruments:</i>				
FX Contracts	\$ (1.0)	\$ (0.9)	\$ 1.3	\$ (2.0)

**12. INCOME TAXES**

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

For the third quarter of 2013 and 2012, the Company recorded a provision for income taxes from continuing operations of \$12.0 million and \$11.5 million, respectively. The \$0.5 million increase in the provision for income taxes was primarily attributable to certain favorable discrete items that benefited the third quarter of 2012 that did not recur in the third quarter of 2013, mostly offset by the favorable resolution of tax matters in a foreign jurisdiction in the third quarter of 2013.

For the first nine months of 2013 and 2012, the Company recorded a provision for income taxes from continuing operations of \$30.2 million and \$31.6 million, respectively. The \$1.4 million decrease in the provision for income taxes was primarily attributable to the loss on early extinguishment of debt recognized in the first nine months of 2013 related to the 2013 Senior Notes Refinancing and the February 2013 Term Loan Amendments and the favorable resolution of tax matters in a foreign jurisdiction in the first nine months of 2013, partially offset by increased pre-tax income and certain favorable discrete items that benefited the first nine months of 2012 that did not recur in the first nine months of 2013.

The Company's effective tax rate for the three months ended September 30, 2013 was higher than the federal statutory rate of 35% due principally to non-deductible expenses, including certain non-deductible expenses related to the Colomer Acquisition, foreign dividends and earnings taxable in the U.S. and state and local taxes, net of U.S. federal income tax benefit, partially offset by foreign and U.S. tax effects attributable to operations outside the U.S.

The Company's effective tax rate for the nine months ended September 30, 2013 was higher than the federal statutory rate of 35% due principally to foreign dividends and earnings taxable in the U.S. and non-deductible expenses, including certain non-deductible expenses related to the Colomer Acquisition.

The Company remains subject to examination of its income tax returns in various jurisdictions including, without limitation, the U.S. (federal) for tax years ended December 31, 2010 through December 31, 2012, South Africa for tax years ended December 31, 2009 through December 31, 2011 and Australia for tax years ended December 31, 2009 through December 31, 2012.

### 13. CONTINGENCIES

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

As previously disclosed in Revlon, Inc.'s 2012 Form 10-K, Revlon, Inc., certain of Revlon, Inc.'s current and former directors and MacAndrews & Forbes Holdings Inc. entered into settlement agreements with the plaintiffs in class and derivative actions related to the voluntary exchange offer Revlon, Inc. launched and consummated in 2009 (the "2009 Exchange Offer"). For the three and nine months ended September 30, 2012, the Company recorded charges of \$2.2 million and \$8.9 million, respectively, with respect to the Company's then-estimated costs of resolving the actions, including the Company's estimate at that time of additional payments to be made to certain of the settling stockholders. These charges are included within SG&A expenses in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and nine months ended September 30, 2012.

In March 2013, the parties executed an amendment to one of the settlement agreements, specifically the class action settlement agreement. The amendment did not affect the financial terms of the class action settlement; rather, it modified the scope of the releases given by those class members who did not participate in the 2009 Exchange Offer. Later in March 2013, the class action settlement, as amended, was presented to the Delaware Court of Chancery, and approved. The class action settlement was conditioned, and became effective, upon final approval of the derivative action settlement and final dismissal of the actions pending outside of the Delaware Court of Chancery. The derivative action settlement was approved by the U.S. District Court for the District of Delaware on April 30, 2013. In early May 2013, the U.S. District Court for the District of Delaware dismissed the purported class action filed by John Garofalo, and in late July 2013, the Supreme Court of New York, New York County dismissed the Sullivan action. The entire settlement of all the actions noted above became effective thirty days after dismissal of the Sullivan action. In August 2013, a payment of \$8.9 million, representing the Company's allocable portion of the settlement amount, was made to settle all amounts owed by the Company in connection with the settlement agreements.

Revlon, Inc. agreed with the staff of the SEC (or the "Commission") on the terms of a proposed settlement of an investigation relating to certain disclosures made by Revlon, Inc. in its public filings in 2009 in connection with the 2009 Exchange Offer. On June 13, 2013, the Commission approved such settlement and Revlon, Inc. entered into the settlement without admitting or denying the findings set forth therein and, pursuant to its terms, Revlon, Inc., among other things, paid a civil penalty of \$850,000. The settlement amount was previously accrued in the fourth quarter of 2012 within SG&A expenses and accrued expenses and other in Revlon, Inc.'s consolidated financial statements.

In September 2013, Revlon, Inc. received a final payment of approximately \$1.8 million of insurance proceeds in connection with matters related to the 2009 Exchange Offer. These proceeds are recorded as a gain within SG&A expenses in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and nine months ended September 30, 2013.

### 14. RELATED PARTY TRANSACTIONS

#### Reimbursement Agreements

As previously disclosed in Revlon, Inc.'s 2012 Form 10-K, Revlon, Inc., Products Corporation and MacAndrews & Forbes Inc. (a wholly-owned subsidiary of MacAndrews & Forbes Holdings) have entered into reimbursement agreements (the "Reimbursement Agreements") pursuant to which (i) MacAndrews & Forbes Inc. is obligated to provide (directly or through its affiliates) certain professional and administrative services, including, without limitation, employees, to Revlon, Inc. and its subsidiaries, including, without limitation, Products Corporation, and to purchase services from third party providers, such as insurance, legal, accounting and air transportation services, on behalf of Revlon, Inc. and its subsidiaries, including Products

Corporation, to the extent requested by Products Corporation, and (ii) Products Corporation is obligated to provide certain professional and administrative services, including, without limitation, employees, to MacAndrews & Forbes and to purchase services from third party providers, such as insurance, legal and accounting services, on behalf of MacAndrews & Forbes to the extent requested by MacAndrews & Forbes, provided that in each case the performance of such services does not cause an unreasonable burden to MacAndrews & Forbes or Products Corporation, as the case may be.

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

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

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

The net activity related to services provided and/or purchased under the Reimbursement Agreements during the nine months ended September 30, 2013 was \$4.4 million, which primarily includes a \$6.1 million partial payment made by the Company to MacAndrews & Forbes during the first quarter of 2013 for premiums related to the Company's allocable portion of the 5-year renewal of the D&O Insurance Program for the period from January 31, 2012 through January 31, 2017, partially offset by \$1.8 million from MacAndrews & Forbes for reimbursable costs incurred by the Company related to matters covered by the D&O Insurance Program. The net activity related to services provided and/or purchased under the Reimbursement Agreements during the nine months ended September 30, 2012 was \$3.3 million, which primarily includes \$18.0 million from MacAndrews & Forbes for reimbursable costs incurred by the Company related to matters covered by the D&O Insurance Program, partially offset by the initial \$14.6 million partial pre-payment made by the Company to MacAndrews & Forbes during the first quarter of 2012 for premiums related to the Company's allocable portion of the D&O Insurance Program. As of September 30, 2013 and December 31, 2012, a receivable balance of nil and \$0.3 million, respectively, from MacAndrews & Forbes was included within prepaid expenses and other in the Company's Consolidated Balance Sheets for transactions subject to the Reimbursement Agreements.

## 15. SUBSEQUENT EVENTS

### Colomer Acquisition

On October 9, 2013, Products Corporation completed the Colomer Acquisition for a cash purchase price of \$664.5 million, which Products Corporation financed with proceeds from the Acquisition Term Loans under the Amended Term Loan Facility. The Colomer Acquisition provides the Company with broad brand, geographic and channel diversification and substantially expands the Company's business, providing distribution into new channels and cost synergy opportunities. In addition, the Colomer Acquisition offers opportunities for profitable growth by leveraging the combined Company's enhanced innovation capability and know-how.

For the three and nine months ended September 30, 2013, the Company has incurred \$5.9 million and \$6.3 million, respectively, of acquisition and related costs, which are included within SG&A expenses in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss). The results of operations related to the Colomer Acquisition will be included in the Company's consolidated financial statements commencing on October 9, 2013, the date of the acquisition. The Company will account for the Colomer Acquisition as a business combination during the fourth quarter of 2013.

The Company's purchase accounting for the Colomer Acquisition is incomplete; therefore the Company cannot disclose the allocation of the acquisition price to acquired assets and liabilities at this time. In addition, Colomer's results of operations prepared in accordance with U.S. GAAP for the period ending September 30, 2013 is currently unavailable and therefore the Company cannot disclose the pro forma revenues and earnings related to the Colomer Acquisition at this time.

**Mandatory Redemption of Series A Preferred Stock**

In October 2009, Revlon, Inc. issued to stockholders who participated in the 2009 Exchange Offer 9,336,905 shares of Series A Preferred Stock. On October 8, 2013, Revlon, Inc. consummated the mandatory redemption of the Series A Preferred Stock in accordance with such preferred stock's certificate of designation and paid such holders \$48.6 million, which represents the \$5.21 liquidation preference for each of the outstanding 9,336,905 shares of Series A Preferred Stock. As this redemption occurred after the end of the third quarter of 2013, such redemption and payment are not reflected in the Company's Consolidated Balance Sheet as of September 30, 2013.

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

### Overview

#### *Overview of the Business*

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

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

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

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

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

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

Effective beginning October 1, 2012, the Company is consolidating and reporting Latin America and Canada (previously reported separately) as the combined Latin America and Canada region. As a result, prior year amounts have been reclassified to conform to this presentation.

#### *Overview of the Company's Business Strategy*

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

1. **Building our strong brands.** We continue to build our strong brands by focusing on innovative, high-quality, consumer-preferred brand offering; effective consumer brand communication; appropriate levels of advertising and promotion; and superb execution with our customers.
2. **Developing our organizational capability.** We continue to develop our organizational capability through retaining, attracting and rewarding highly capable people and through performance management, development planning, succession planning and training.
3. **Driving our company to act globally.** We continue to drive common global processes which are designed to provide the most efficient and effective allocation of our resources.
4. **Pursue growth opportunities.** We are focusing on pursuing growth opportunities with our existing brands as well as seeking to acquire brands to complement our core business.

5. **Improving our financial performance.** We continue to drive our collective business activities to deliver improved financial performance.

**Overview of Net Sales and Earnings Results**

Consolidated net sales in the third quarter of 2013 were \$339.4 million, a decrease of \$7.6 million, or 2.2%, compared to \$347.0 million in the third quarter of 2012. Excluding the unfavorable impact of foreign currency fluctuations of \$11.4 million, consolidated net sales increased \$3.8 million, or 1.1%, in the third quarter of 2013, driven by higher net sales in the Company's Europe, Middle East and Africa, Asia Pacific and Latin America and Canada regions, partially offset by lower net sales in the Company's U.S. region.

Consolidated net sales in the first nine months of 2013 were \$1,021.4 million, a decrease of \$13.4 million, or 1.3%, compared to \$1,034.8 million in the first nine months of 2012. Excluding the unfavorable impact of foreign currency fluctuations of \$23.7 million, consolidated net sales increased \$10.3 million, or 1.0%, in the first nine months of 2013, driven by higher net sales throughout the Company's regions.

Consolidated net income in the third quarter of 2013 was \$9.5 million, compared to the consolidated net loss of \$15.0 million in the third quarter of 2012. The consolidated net income in the third quarter of 2013, compared to the consolidated net loss in the third quarter of 2012, was primarily due to:

- \$24.1 million of restructuring and related charges incurred in the third quarter of 2012 as a result of the September 2012 Program (as hereinafter defined); and
- \$3.7 million of lower interest expense primarily driven by lower weighted average borrowing rates as a result of the 2013 Senior Notes Refinancing (as hereinafter defined) and the February 2013 Term Loan Amendments (as hereinafter defined), partially offset by higher average debt;

with the foregoing partially offset by:

- a \$7.6 million decrease in consolidated net sales.

Consolidated net income in the first nine months of 2013 was \$27.3 million, compared to \$4.6 million in the first nine months of 2012. The increase in consolidated net income in the first nine months of 2013, compared to the first nine months of 2012 was primarily due to:

- \$34.6 million of lower selling general and administrative ("SG&A") expenses primarily driven by a \$26.4 million gain from insurance proceeds in the first nine months of 2013 due to the settlement of the Company's claims for inventory, business interruption and property losses as a result of the fire at the Company's Venezuela facility;
- \$24.1 million of restructuring and related charges incurred in the first nine months of 2012 as a result of the September 2012 Program; and
- \$8.7 million of lower interest expense primarily driven by lower weighted average borrowing rates as a result of the 2013 Senior Notes Refinancing and the February 2013 Term Loan Amendments, partially offset by higher average debt;

with the foregoing partially offset by:

- a \$28.1 million aggregate loss on early extinguishment of debt recognized in the first nine months of 2013 due to the 2013 Senior Notes Refinancing and the February 2013 Term Loan Amendments; and
- a \$13.4 million decrease in consolidated net sales.

These items are discussed in more detail below.

**Recent Events**

Acquisition of The Colomer Group Participations

On October 9, 2013, Products Corporation completed the acquisition of The Colomer Group Participations, S.L. ("Colomer"), a Spanish company which primarily markets and sells professional products to salons and other professional channels under brands such as **Revlon Professional**® hair care, **CND**® and **CND Shellac**® nail polishes and **American Crew**® men's hair care (the "Colomer Acquisition"), pursuant to a share sale and purchase agreement (the "Purchase Agreement") which Products Corporation entered into on August 3, 2013. The cash purchase price was \$664.5 million, which Products Corporation financed with proceeds from the Acquisition Term Loans under the Amended Term Loan Facility (as hereinafter defined). The Company plans to integrate

the operations of Colomer into the Company's business and expects to achieve approximately \$25 million of annualized cost synergies by the end of year two, at a cost of approximately \$40 million over the two-year period following the acquisition's October 9, 2013 closing. The results of operations related to the Colomer Acquisition will be included in the Company's consolidated financial statements commencing on the date of the acquisition. The Company will account for the Colomer Acquisition as a business combination during the fourth quarter of 2013. See Note 15, "Subsequent Events - Colomer Acquisition" to the Unaudited Consolidated Financial Statements in this Form 10-Q.

#### Mandatory Redemption of Series A Preferred Stock

In October 2009, Revlon, Inc. consummated the 2009 Exchange Offer in which each issued and outstanding share of Revlon, Inc.'s Class A Common Stock was exchangeable on a one-for-one basis for a share of Revlon, Inc. Series A Preferred Stock. Revlon, Inc. issued to stockholders (other than MacAndrews & Forbes and its affiliates) 9,336,905 shares of Series A Preferred Stock in exchange for the same number of shares of Class A Common Stock exchanged by such stockholders in the 2009 Exchange Offer. On October 8, 2013, Revlon, Inc. consummated the mandatory redemption of the Series A Preferred Stock pursuant to such preferred stock's certificate of designation for \$48.6 million, which represents the \$5.21 liquidation preference for each of the outstanding 9,336,905 shares of Series A Preferred Stock.

#### 2013 Debt Transactions

During the first nine months of 2013, the Company completed several debt transactions, including:

- 5¾% Senior Notes: On February 8, 2013, Products Corporation issued \$500.0 million aggregate principal amount of 5¾% Senior Notes due February 15, 2021 (the "5¾% Senior Notes") to investors at par. Products Corporation used \$491.2 million of net proceeds (net of underwriters' fees) from the issuance of the 5¾% Senior Notes to repay and redeem all of the \$330 million outstanding aggregate principal amount of its 9¾% Senior Secured Notes due November 2015 (the "9¾% Senior Secured Notes"), as well as to pay an aggregate of \$27.9 million for the applicable redemption and tender offer premiums, accrued interest and related fees and expenses. Products Corporation used a portion of the remaining proceeds, together with existing cash, to pay approximately \$113.0 million of principal on its 2011 Term Loan Facility in conjunction with the consummation of the February 2013 Term Loan Amendments, as discussed below. Products Corporation used the remaining balance available from the issuance of the 5¾% Senior Notes for general corporate purposes, including, without limitation, debt reduction transactions, such as repaying to Revlon, Inc. at maturity on October 8, 2013 the Contributed Loan (as hereinafter defined), which Revlon, Inc. used to pay the liquidation preference of Revlon, Inc.'s Series A Preferred Stock, par value \$0.01 per share (the "Preferred Stock"), in connection with its mandatory redemption on such date.
- February 2013 Term Loan Amendments: In February 2013, Products Corporation consummated an amendment (the "February 2013 Term Loan Amendments") to its third amended and restated term loan agreement, dated as of May 19, 2011 (as amended, the "2011 Term Loan Agreement" or the "2011 Term Loan Facility"), for its 6.5-year term loan facility due November 19, 2017 (the "2011 Term Loan"), to among other things: (i) reduce the total aggregate principal amount outstanding under the 2011 Term Loan from \$788.0 million to \$675.0 million; (ii) reduce the minimum Eurodollar Rate on Eurodollar Loans from 1.25% to 1.00%; and (iii) reduce the Applicable Margin on Eurodollar Loans from 3.50% to 3.00%.
- August 2013 Term Loan Amendments: In August 2013, in connection with the Colomer Acquisition, Products Corporation consummated an amendment (the "August 2013 Term Loan Amendments") to its 2011 Term Loan Agreement (as amended by the August 2013 Term Loan Amendments and the Incremental Amendment (as hereinafter defined), the "Amended Term Loan Agreement" or the "Amended Term Loan Facility") permitting, among other things: (i) Products Corporation's consummation of the Colomer Acquisition; and (ii) Products Corporation's incurring up to \$700 million of term loans to use as a source of funds to consummate the Colomer Acquisition and pay related fees and expenses.
- Incremental Amendment: In August 2013, in connection with the Colomer Acquisition, Products Corporation entered into an incremental amendment (the "Incremental Amendment") resulting in the Amended Term Loan Agreement with Citibank, N.A., JPMorgan Chase Bank, N.A., Bank of America, N.A, Credit Suisse AG, Cayman Islands Branch, Wells Fargo Bank, N.A. and Deutsche Bank AG New York Branch (collectively, the "Initial Acquisition Lenders") and Citicorp USA, Inc. as administrative agent and collateral agent pursuant to which the Initial Acquisition Lenders committed to provide up to \$700 million of term loans under the Amended Term Loan Agreement which Products Corporation used as a source of funds to consummate the Colomer Acquisition (the "Acquisition Term Loans") and pay related fees and expenses.

- ***Amended Revolving Credit Facility:*** In 2013, in connection with the Colomer Acquisition, Products Corporation consummated an amendment (the "August 2013 Revolver Amendment") to its third amended and restated revolving credit agreement dated June 16, 2011 (as amended, the "Amended Revolving Credit Agreement") to permit, among other things: (a) Products Corporation's consummation of the Colomer Acquisition; and (b) Products Corporation's incurring up to approximately \$700 million of Acquisition Term Loans that Products Corporation used as a source of funds to consummate the Colomer Acquisition. Additionally, the August 2013 Revolver Amendment reduced Products Corporation's interest rate spread, reduced the commitment fee on unused availability under the facility and extended the maturity of the facility.

Refer to "Financial Condition, Liquidity and Capital Resources – Long-Term Debt Instruments" for further discussion of the above transactions.

#### Venezuela Insurance Settlements

In January 2013, the Company received additional insurance proceeds of \$3.4 million from its insurers in connection with the June 5, 2011 fire at the Company's facility in Venezuela. These additional proceeds relate to the settlement of the Company's claim for the loss of inventory. The \$3.4 million of proceeds were in addition to \$3.7 million of insurance proceeds received in 2012 and \$4.7 million received in 2011, for a total settlement amount of \$11.8 million for the loss of inventory, of which \$3.5 million was previously recognized as income from insurance recoveries in 2011. As a result of the final settlement of the claim for the loss of inventory, the Company recognized a gain from insurance proceeds of \$8.3 million in the first quarter of 2013.

In June 2013, the Company settled its business interruption and property insurance claim in the amount of \$32.0 million. The Company received \$2.9 million of insurance proceeds in 2012 and \$15.0 million of insurance proceeds in 2011 for its business interruption and property claim, and the remaining \$14.1 million was received in July 2013. The Company previously recognized \$13.9 million as income from insurance recoveries in 2011 and 2012. As a result of the final settlement of the business interruption and property claim, the Company recognized a gain from insurance proceeds of \$18.1 million in the second quarter of 2013.

For further discussion, see Note 1, "Description of Business and Basis of Presentation – Other Events – Fire at Revlon Venezuela Facility," to the Unaudited Consolidated Financial Statements in this Form 10-Q.

## Results of Operations

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

### **Net sales:**

#### *Third quarter results:*

Consolidated net sales in the third quarter of 2013 were \$339.4 million, a decrease of \$7.6 million, or 2.2%, compared to \$347.0 million in the third quarter of 2012. Excluding the unfavorable impact of foreign currency fluctuations of \$11.4 million, consolidated net sales increased \$3.8 million, or 1.1%, in the third quarter of 2013, primarily driven by higher net sales of **Revlon** color cosmetics, **Revlon ColorSilk** hair color and **Revlon** beauty tools, partially offset by lower net sales of **Almay** color cosmetics. Consolidated net sales in the third quarter of 2013 were unfavorably impacted by business conditions in Venezuela, see "Latin America and Canada" below for further discussion.

#### *Year-to-date results:*

Consolidated net sales in the first nine months of 2013 were \$1,021.4 million, a decrease of \$13.4 million, or 1.3%, compared to \$1,034.8 million in the first nine months of 2012. Excluding the unfavorable impact of foreign currency fluctuations of \$23.7 million, consolidated net sales increased \$10.3 million, or 1.0%, in the first nine months of 2013, primarily driven by higher net sales of **SinfulColors** color cosmetics, as well as the inclusion of the net sales of **Pure Ice** color cosmetics which began upon its acquisition in July 2012. The increases in net sales were partially offset by lower net sales of **Almay** color cosmetics. Consolidated net sales in the first nine months of 2013 were unfavorably impacted by business conditions in Venezuela, see "Latin America and Canada" below for further discussion.



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

	Three Months Ended September 30,		Change		XFX Change <sup>(a)</sup>	
	2013	2012	\$	%	\$	%
United States	\$ 185.8	\$ 192.0	\$ (6.2)	(3.2)%	\$ (6.2)	(3.2)%
Asia Pacific	58.9	60.9	(2.0)	(3.3)	2.9	4.8
Europe, Middle East and Africa	46.0	43.8	2.2	5.0	6.1	13.9
Latin America and Canada	48.7	50.3	(1.6)	(3.2)	1.0	2.0
<b>Total Net Sales</b>	<b>\$ 339.4</b>	<b>\$ 347.0</b>	<b>\$ (7.6)</b>	<b>(2.2)%</b>	<b>\$ 3.8</b>	<b>1.1 %</b>

	Nine Months Ended September 30,		Change		XFX Change <sup>(a)</sup>	
	2013	2012	\$	%	\$	%
United States	\$ 581.8	\$ 580.6	\$ 1.2	0.2 %	\$ 1.2	0.2%
Asia Pacific	166.8	172.8	(6.0)	(3.5)%	2.3	1.3%
Europe, Middle East and Africa	129.4	134.0	(4.6)	(3.4)%	5.8	4.3%
Latin America and Canada	143.4	147.4	(4.0)	(2.7)%	1.0	0.7%
<b>Total Net Sales</b>	<b>\$ 1,021.4</b>	<b>\$ 1,034.8</b>	<b>\$ (13.4)</b>	<b>(1.3)%</b>	<b>\$ 10.3</b>	<b>1.0%</b>

<sup>(a)</sup> XFX excludes the impact of foreign currency fluctuations.

### **United States**

#### *Third quarter results:*

In the U.S., net sales in the third quarter of 2013 decreased \$6.2 million, or 3.2%, to \$185.8 million, compared to \$192.0 million in the third quarter of 2012, primarily driven by lower net sales of **Revlon** color cosmetics and **Almay** color cosmetics, partially offset by higher net sales of **Revlon ColorSilk** hair color.

#### *Year-to-date results:*

In the U.S., net sales in the first nine months of 2013 increased \$1.2 million, or 0.2%, to \$581.8 million, compared to \$580.6 million in the first nine months of 2012, primarily driven by higher net sales of **SinfulColors** color cosmetics, as well as the inclusion of the net sales of **Pure Ice** color cosmetics which began upon its acquisition in July 2012, partially offset by lower net sales of **Almay** color cosmetics and **Revlon** color cosmetics.

### **Asia Pacific**

#### *Third quarter results:*

In Asia Pacific, net sales in the third quarter of 2013 decreased 3.3% to \$58.9 million, compared to \$60.9 million in the third quarter of 2012. Excluding the unfavorable impact of foreign currency fluctuations, net sales increased \$2.9 million, or 4.8%, primarily driven by higher net sales of **Revlon** color cosmetics, partially offset by lower net sales of other beauty care products. From a country perspective, net sales increased in Japan, Australia and New Zealand (which together contributed 6.8 percentage points to the increase in the region's net sales in the third quarter of 2013, as compared to the third quarter of 2012), partially offset by a decrease in net sales in Hong Kong (which offset by 2.5 percentage points the increase in the region's net sales in the third quarter of 2013, as compared to the third quarter of 2012).

#### *Year-to-date results:*

In Asia Pacific, net sales in the first nine months of 2013 decreased 3.5% to \$166.8 million, compared to \$172.8 million in the first nine months of 2012. Excluding the unfavorable impact of foreign currency fluctuations, net sales increased \$2.3 million, or 1.3%, primarily driven by higher net sales of **Revlon** color cosmetics and **SinfulColors** color cosmetics, partially offset by lower net sales of other beauty care products. From a country perspective, net sales increased in Japan and Australia (which together contributed 5.9 percentage points to the increase in the region's net sales in the first nine months of 2013, as compared to the first nine months of 2012), partially offset by a decrease in net sales in China and Hong Kong (which together offset by 4.1 percentage points the increase in the region's net sales in the first nine months of 2013, as compared to the first nine months of 2012).

**Europe, Middle East and Africa**

*Third quarter results:*

In Europe, the Middle East and Africa, net sales in the third quarter of 2013 increased 5.0% to \$46.0 million, compared to \$43.8 million in the third quarter of 2012. Excluding the unfavorable impact of foreign currency fluctuations, net sales increased \$6.1 million, or 13.9%, primarily driven by higher net sales of **Revlon** color cosmetics and fragrances. The increase in net sales was also partially due to a \$1.6 million returns accrual recorded in the third quarter of 2012 related to the September 2012 Program. From a country perspective, net sales increased throughout most of the region.

*Year-to-date results:*

In Europe, the Middle East and Africa, net sales in the first nine months of 2013 decreased 3.4% to \$129.4 million, compared to \$134.0 million in the first nine months of 2012. Excluding the unfavorable impact of foreign currency fluctuations, net sales increased \$5.8 million, or 4.3%, primarily driven by higher net sales of **Revlon** color cosmetics, fragrances and **SinfulColors** color cosmetics, partially offset by lower net sales of other beauty care products. The increase in net sales was also partially due to a \$1.6 million returns accrual recorded in the third quarter of 2012 related to the September 2012 Program. From a country perspective, net sales increased throughout most of the region (together contributing 7.1 percentage points the increase in the region's net sales in the first nine months of 2013, as compared to the first nine months of 2012), with the exception of a decrease in the net sales in France (which offset by 2.8 percentage points the increase in the region's net sales in the first nine months of 2013, as compared to the first nine months of 2012).

**Latin America and Canada**

*Third quarter results:*

In Latin America and Canada, net sales in the third quarter of 2013 decreased 3.2% to \$48.7 million, compared to \$50.3 million in the third quarter of 2012. Excluding the unfavorable impact of foreign currency fluctuations, net sales increased \$1.0 million, or 2.0%, primarily driven by higher net sales of **Revlon** beauty tools and other beauty care products, partially offset by lower net sales of **Almay** color cosmetics. From a country perspective, net sales increased in Argentina, certain distributor territories and Mexico (which together contributed 10.8 percentage points to the increase in the region's net sales in the third quarter of 2013, as compared to the third quarter of 2012). Net sales in Argentina benefited from higher selling prices resulting from market conditions and inflation. The increase in the region's net sales was partially offset by the negative impact of business conditions in Venezuela, including currency restrictions (which offset by \$2.6 million, or 5.1 percentage points, the increase in the region's net sales in the third quarter of 2013, as compared to the third quarter of 2012). In addition, net sales decreased in Canada (which offset by 3.9 percentage points the increase in the region's net sales in the third quarter of 2013, as compared to the third quarter of 2012).

*Year-to-date results:*

In Latin America and Canada, net sales in the first nine months of 2013 decreased 2.7% to \$143.4 million, compared to \$147.4 million in the first nine months of 2012. Excluding the unfavorable impact of foreign currency fluctuations, net sales increased \$1.0 million, or 0.7%, primarily driven by higher net sales of **Revlon** color cosmetics, **Pure Ice** color cosmetics and other beauty care products, partially offset by lower net sales of **Almay** color cosmetics and **Revlon ColorSilk** hair color. From a country perspective, net sales increased in Argentina and certain distributor territories (which together contributed 6.8 percentage points to the increase in the region's net sales in the first nine months of 2013, as compared to the first nine months of 2012). Net sales in Argentina benefited from higher selling prices resulting from market conditions and inflation. The increase in the region's net sales was mostly offset by the negative impact of business conditions in Venezuela, including currency restrictions (which offset by \$8.8 million, or 6.0 percentage points, the increase in the region's net sales in the first nine months of 2013, as compared to the first nine months of 2012).

**Gross profit:**

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2013	2012	Change	2013	2012	Change
Gross profit	\$ 215.6	\$ 220.0	\$ (4.4)	\$ 655.9	\$ 667.7	\$ (11.8)
Percentage of net sales	63.5%	63.4%	0.1%	64.2%	64.5%	(0.3)%

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Gross profit in the third quarter of 2013 decreased \$4.4 million compared to the third quarter of 2012. As a percentage of net sales, gross profit increased 0.1 percentage points in the third quarter of 2013, compared to the third quarter of 2012. The drivers of gross profit in the third quarter of 2013, compared to the third quarter of 2012 primarily included:

- unfavorable foreign currency fluctuations, which reduced gross profit by \$9.3 million and reduced gross profit as a percentage of net sales by 0.6 percentage points; and
- higher promotional allowances, which reduced gross profit by \$3.0 million and reduced gross profit as a percentage of net sales by 0.4 percentage points;

with the foregoing partially offset by:

- favorable volume, which increased gross profit by \$5.7 million, with no impact on gross profit as a percentage of net sales;
- lower manufacturing and freight costs, as a result of supply chain cost reduction initiatives and restructuring savings, which increased gross profit by \$2.0 million and increased gross profit as a percentage of net sales by 0.6 percentage points; and
- restructuring related charges recognized in the third quarter of 2012 that did not recur in the third quarter of 2013 related to the September 2012 Program, which increased gross profit by \$1.2 million and increased gross profit as a percentage of net sales by 0.4 percentage points.

Gross profit in the first nine months of 2013 decreased \$11.8 million compared to the first nine months of 2012. As a percentage of net sales, gross profit decreased 0.3 percentage points in the first nine months of 2013, compared to the first nine months of 2012. The drivers of gross profit in the first nine months of 2013, compared to the first nine months of 2012 primarily included:

- unfavorable foreign currency fluctuations, which reduced gross profit by \$18.7 million and reduced gross profit as a percentage of net sales by 0.3 percentage points;
- higher sales returns and markdowns, which reduced gross profit by \$11.5 million and reduced gross profit as a percentage of net sales by 0.4 percentage points; and
- higher promotional allowances, which reduced gross profit by \$3.6 million and reduced gross profit as a percentage of net sales by 0.1 percentage points;

with the foregoing partially offset by:

- favorable volume, which increased gross profit by \$17.1 million, with no impact on gross profit as a percentage of net sales; and
- lower manufacturing and freight costs, as a result of supply chain cost reduction initiatives and restructuring savings, which increased gross profit by \$3.9 million and increased gross profit as a percentage of net sales by 0.4 percentage points.

**SG&A expenses:**

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2013	2012	Change	2013	2012	Change
SG&A expenses	\$ 175.3	\$ 179.9	\$ 4.6	\$ 505.9	\$ 540.5	\$ 34.6

SG&A expenses decreased \$4.6 million in the third quarter of 2013, as compared to the third quarter of 2012, primarily driven by:

- \$4.6 million of favorable impact of foreign currency fluctuations;
- \$1.3 million of lower general and administrative expenses primarily due to:
  - a \$2.2 million litigation loss contingency recognized in the third quarter of 2012 that did not recur in the third quarter of 2013; and \$1.8 million of insurance proceeds recognized in the third quarter of 2013 related to such litigation. See Note 13, "Contingencies" to the Unaudited Consolidated Financial Statements in this Form 10-Q for further discussion; and
  - lower incentive compensation expenses;

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- partially offset by: \$5.9 million of acquisition costs related to the Colomer Acquisition.

SG&A expenses decreased \$34.6 million in the first nine months of 2013, as compared to the first nine months of 2012, primarily driven by:

- a net decrease of \$19.1 million related to the fire that destroyed the Company's facility in Venezuela in June 2011, comprised of:
  - a \$26.4 million gain from insurance proceeds recognized in the first nine months of 2013 as a result of the settlement of the Company's insurance claims for the loss of inventory, business interruption losses and property losses;
  - partially offset by: (i) an accrual of \$4.5 million for estimated clean-up costs related to the destroyed facility in Venezuela, which was recognized in the second quarter of 2013; and (ii) \$2.8 million of income from insurance proceeds recognized in the first nine months of 2012 related to business interruption losses incurred.

See Note 1, "Description of Business and Basis of Presentation – Other Events – Fire at Revlon Venezuela Facility," to the Unaudited Consolidated Financial Statements in this Form 10-Q;

- \$9.5 million of favorable impact of foreign currency fluctuations; and
- \$6.4 million of lower general and administrative expenses primarily due to:
  - (i) the impact of the \$8.9 million litigation loss contingency recognized in the first nine months of 2012 that did not recur in the first nine months of 2013; and (ii) \$1.8 million of insurance proceeds recognized in the first nine months of 2013 related to such litigation (see Note 13, "Contingencies" to the Unaudited Consolidated Financial Statements in this Form 10-Q for further discussion);
  - partially offset by: \$6.3 million of acquisition costs related to the Colomer Acquisition.

Included in SG&A expenses for the third quarter and first nine months of 2013 is higher incentive compensation expense of \$0.9 million and \$3.2 million, respectively, related to a modification to the structure of the Company's long-term incentive plan to better align the plan with the Company's long-term performance. While the new structure does not change the amount of the employees' potential annual incentive award, the transition is expected to result in higher expense in 2013 and 2014, as compared to 2012, by approximately \$5 million and \$3 million, respectively.

**Restructuring charges and other, net:**

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2013	2012	Change	2013	2012	Change
Restructuring charges and other, net	\$ (1.5)	\$ 21.0	\$ 22.5	\$ 1.8	\$ 21.0	\$ 19.2

During the three and nine months ended September 30, 2012, the Company recorded charges totaling \$24.1 million related to a worldwide restructuring (the "September 2012 Program"), which primarily involved the Company exiting its owned manufacturing facility in France and its leased manufacturing facility in Maryland; rightsizing its organizations in France and Italy; and realigning its operations in Latin America, including consolidating Latin America and Canada into a single operating region, which became effective in the fourth quarter of 2012. Of the \$24.1 million charge recorded during the three and nine months ended September 30, 2012, \$21.0 million was recorded in restructuring charges and other, net; \$1.6 million was recorded as a reduction to net sales; \$1.1 million was recorded in cost of goods sold; and \$0.4 million was recorded in SG&A expenses.

During the third quarter of 2013, the Company recorded a net benefit related to the September 2012 Program of \$1.5 million primarily due to a \$2.5 million gain related to the July 2013 sale of the Company's manufacturing facility in France, partially offset by changes in estimates related to legal and other termination costs.

During the first nine months of 2013, the Company recorded net charges of \$2.2 million related to the September 2012 Program primarily due to \$4.7 million of additional charges as a result of changes in estimates related to severance and other termination benefits, partially offset by a \$2.5 million gain related to the July 2013 sale of the Company's manufacturing facility in France. Of the \$2.2 million net charge, \$1.8 million is recorded in restructuring charges and other, net, \$0.2 million is recorded in cost of sales and \$0.2 million is recorded in SG&A expenses.

The Company has recognized cumulative charges of \$26.3 million in 2012 and 2013 related to the September 2012 Program and expects the total cumulative charges to be approximately \$27 million.

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The Company expects net cash payments to total approximately \$24 million related to the September 2012 Program, of which \$3.8 million was paid in 2012, \$13.3 million was paid during the nine months ended September 30, 2013, \$4 million is expected to be paid during the fourth quarter of 2013 and the remainder is expected to be paid in 2014. The total expected net cash payments of approximately \$24 million include the cash proceeds of \$2.7 million received in the third quarter of 2013 related to the sale of the Company's manufacturing facility in France.

The Company expects approximately \$7 million of cost reductions to benefit 2013 and annualized cost reductions thereafter are expected to be approximately \$10 million. For further discussion of the September 2012 Program, see Note 3, "Restructuring Charges and Other, Net," to the Unaudited Consolidated Financial Statements in this Form 10-Q.

**Interest expense:**

	<u>Three Months Ended September 30,</u>			<u>Nine Months Ended September 30,</u>		
	2013	2012	Change	2013	2012	Change
Interest expense	\$ 16.2	\$ 19.9	\$ 3.7	\$ 50.8	\$ 59.5	\$ 8.7
Interest expense – preferred stock dividends	1.7	1.6	(0.1)	4.9	4.8	(0.1)

The \$3.7 million and \$8.7 million decrease in interest expense in the third quarter and first nine months of 2013, respectively, as compared to the prior year periods, was primarily due to lower weighted average borrowing rates as a result of the 2013 Senior Notes Refinancing and the February 2013 Term Loan Amendments, partially offset by higher average debt. Refer to "Financial Condition, Liquidity and Capital Resources – Long-Term Debt Instruments" for further discussion.

In accordance with the terms of the certificate of designation of the Revlon, Inc. Preferred Stock, during the third quarters of 2013 and 2012, Revlon, Inc. recognized \$1.7 million and \$1.6 million, respectively, of interest expense related to the regular quarterly dividends on the Preferred Stock. During the first nine months of 2013 and 2012, Revlon, Inc. recognized \$4.9 million and \$4.8 million, respectively, of interest expense related to the regular quarterly dividends on the Preferred Stock. See "Overview - Recent Events - Mandatory Redemption of Preferred Stock."

**Loss on early extinguishment of debt:**

	<u>Three Months Ended September 30,</u>			<u>Nine Months Ended September 30,</u>		
	2013	2012	Change	2013	2012	Change
Loss on early extinguishment of debt	\$ 0.2	\$ —	\$ (0.2)	\$ 28.1	\$ —	\$ (28.1)

The Company recognized an aggregate loss on the early extinguishment of debt of \$28.1 million during the first nine months of 2013, primarily due to \$18.6 million of fees and expenses which were expensed as incurred in connection with the 2013 Senior Notes Refinancing and February 2013 Term Loan Amendments, as well as the write-off of \$9.3 million of unamortized debt discount and deferred financing fees as a result of such transactions. Refer to "Financial Condition, Liquidity and Capital Resources – Long-Term Debt Instruments" for further discussion.

**Foreign currency losses (gains), net:**

	<u>Three Months Ended September 30,</u>			<u>Nine Months Ended September 30,</u>		
	2013	2012	Change	2013	2012	Change
Foreign currency losses (gains), net	\$ 0.4	\$ (0.1)	\$ (0.5)	\$ 2.9	\$ 2.0	\$ (0.9)

Foreign currency losses, net, of \$0.4 million during the third quarter of 2013, as compared to foreign currency gains, net, of \$0.1 million during the third quarter of 2012, was primarily driven by the unfavorable impact of the revaluation of certain foreign currency denominated intercompany receivables and payables from the Company's foreign subsidiaries during the third quarter of 2013 compared to the third quarter of 2012.

The increase in foreign currency losses, net, of \$0.9 million during the first nine months of 2013, as compared to the first nine months of 2012, was primarily driven by:

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- the unfavorable impact of the revaluation of certain foreign currency denominated intercompany receivables and payables from the Company's foreign subsidiaries during the first nine months of 2013 compared to the first nine months of 2012; and
- a \$0.6 million foreign currency loss related to the required re-measurement of the balance sheet of the Company's subsidiary in Venezuela (Revlon Venezuela) during the first quarter of 2013 to reflect the impact of the devaluation of Venezuela's local currency relative to the U.S. Dollar. See "Financial Condition, Liquidity, and Capital Resources – Impact of Foreign Currency Translation - Venezuela" for further discussion. As Venezuela was designated as a highly inflationary economy effective January 1, 2010, this foreign currency loss was reflected in earnings;

with the foregoing partially offset by:

- a \$1.3 million foreign currency gain for the first nine months of 2013 compared to a \$2.0 million foreign currency loss for the first nine months of 2012 related to the Company's FX Contracts.

**Provision for income taxes:**

	<b>Three Months Ended September 30,</b>			<b>Nine Months Ended September 30,</b>		
	<b>2013</b>	<b>2012</b>	<b>Change</b>	<b>2013</b>	<b>2012</b>	<b>Change</b>
Provision for income taxes	\$ 12.0	\$ 11.5	\$ (0.5)	\$ 30.2	\$ 31.6	\$ 1.4

The \$0.5 million increase in the provision for income taxes in the third quarter of 2013, as compared to the third quarter of 2012, was primarily attributable to certain favorable discrete items that benefited the third quarter of 2012 that did not recur in the third quarter of 2013, mostly offset by the favorable resolution of tax matters in a foreign jurisdiction in the third quarter of 2013.

The \$1.4 million decrease in the provision for income taxes in the first nine months of 2013, as compared to the first nine months of 2012, was primarily attributable to the loss on early extinguishment of debt recognized in the first nine months of 2013 related to the 2013 Senior Notes Refinancing and the February 2013 Term Loan Amendments and the favorable resolution of tax matters in a foreign jurisdiction in the first nine months of 2013, partially offset by increased pre-tax income and certain favorable discrete items that benefited the first nine months of 2012 that did not recur in the first nine months of 2013.

The Company's effective tax rate for the three months ended September 30, 2013 was higher than the federal statutory rate of 35% due principally to non-deductible expenses, including certain non-deductible expenses related to the Colomer Acquisition, foreign dividends and earnings taxable in the U.S. and state and local taxes, net of U.S. federal income tax benefit, partially offset by foreign and U.S. tax effects attributable to operations outside the U.S.

The Company's effective tax rate for the nine months ended September 30, 2013 was higher than the federal statutory rate of 35% due principally to foreign dividends and earnings taxable in the U.S. and non-deductible expenses, including certain non-deductible expenses related to the Colomer Acquisition.

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

## Financial Condition, Liquidity and Capital Resources

At September 30, 2013, the Company had a liquidity position of \$262.6 million, consisting of cash and cash equivalents (net of any outstanding checks) of \$132.4 million, as well as \$130.2 million in available borrowings under the Amended Revolving Credit Facility based upon the borrowing base less \$9.8 million of undrawn outstanding letters of credit and nil then drawn under the Amended Revolving Credit Facility at such date.

### Cash Flows

At September 30, 2013, the Company had cash and cash equivalents of \$139.3 million, compared with \$116.3 million at December 31, 2012. The following table summarizes the Company's cash flows from operating, investing and financing activities for the nine months ended September 30, 2013 and September 30, 2012:

	Nine Months Ended September 30,	
	2013	2012
Net cash provided by operating activities	\$ 5.8	\$ 17.9
Net cash used in investing activities	(1.4)	(80.4)
Net cash provided by financing activities	22.7	5.7
Effect of exchange rate changes on cash and cash equivalents	(4.1)	0.3

#### Operating Activities

Net cash provided by operating activities was \$5.8 million and \$17.9 million for the first nine months of 2013 and 2012, respectively. As compared to the first nine months of 2012, cash provided by operating activities in the first nine months of 2013 was impacted by higher restructuring payments related to the September 2012 Program, an \$8.9 million payment related to settling litigation arising out of the Company's 2009 Exchange Offer and higher incentive compensation payments; partially offset by lower pension contributions and lower premium payments related to certain of the Company's multi-year insurance programs.

#### Investing Activities

Net cash used in investing activities was \$1.4 million and \$80.4 million for the first nine months of 2013 and 2012, respectively. Net cash used in investing activities for the first nine months of 2013 included \$17.9 million of cash used for capital expenditures, partially offset by \$13.1 million of insurance proceeds received in July 2013 for the Company's property claim related to the June 2011 fire at the Company's facility in Venezuela. Net cash used in investing activities for the first nine months of 2012 included a cash payment of \$66.2 million in July 2012 to acquire certain assets, including trademarks and other intellectual property related to Pure Ice nail enamel and Bon Bons cosmetics brands (the "Pure Ice Acquisition") and \$14.8 million of cash used for capital expenditures; partially offset by proceeds of \$0.4 million related to the sale of the freshMinerals brand.

#### Financing Activities

Net cash provided by financing activities was \$22.7 million and \$5.7 million for the first nine months of 2013 and 2012, respectively.

Net cash provided by financing activities for the first nine months of 2013 included:

- Products Corporation's issuance of the \$500.0 million aggregate principal amount of the 5¾% Senior Notes at par;

with the foregoing partially offset by:

- the repayment and redemption of all of the \$330.0 million aggregate principal amount outstanding of the 9¾% Senior Secured Notes in connection with the 2013 Senior Notes Refinancing;
- the repayment of \$113.0 million in principal on the 2011 Term Loan Facility in connection with the consummation of the February 2013 Term Loan Amendments; and
- the payment of \$32.7 million of financing costs comprised of (i) \$17.5 million of redemption and tender offer premiums, as well as fees and expenses related to the repayment and redemption of all of the \$330.0 million aggregate principal amount outstanding of the 9¾% Senior Secured Notes, (ii) \$10.1 million of underwriters' fees and other fees in connection with the issuance of the 5¾% Senior Notes, (iii) \$1.2 million of fees incurred in connection with the February 2013 Term Loan Amendments, (iv) \$1.9 million of fees incurred in connection with the August 2013 Term Loan Amendments, (v)

\$1.6 million of fees incurred in connection with the Incremental Amendment and (vi) \$0.4 million of fees incurred in connection with the August 2013 Revolver Amendment.

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

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

with the foregoing partially offset by:

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

### ***Long-Term Debt Instruments***

The Company completed the following debt transactions during the first nine months of 2013:

#### ***(a) 2013 Senior Notes Refinancing***

On February 8, 2013, Products Corporation completed its offering (the "2013 Senior Notes Refinancing"), pursuant to an exemption from registration under the Securities Act of 1933 (as amended, the "Securities Act"), of \$500.0 million aggregate principal amount of 5¾% Senior Notes. The 5¾% Senior Notes are unsecured and were issued to investors at par. The 5¾% Senior Notes mature on February 15, 2021. Interest on the 5¾% Senior Notes accrues at 5¾% per annum, paid every six months on February 15<sup>th</sup> and August 15<sup>th</sup>, with the first interest payment due on August 15, 2013 (subject to the payment of certain additional interest referred to below under "Registration Rights").

The 5¾% Senior Notes were issued pursuant to an indenture (the "5¾% Senior Notes Indenture"), dated as of February 8, 2013 (the "Closing Date"), by and among Products Corporation, Products Corporation's domestic subsidiaries (the "Guarantors"), which also currently guarantee Products Corporation's Amended Term Loan Facility and Amended Revolving Credit Facility, and U.S. Bank National Association, as trustee. The Guarantors issued guarantees (the "Guarantees") of Products Corporation's obligations under the 5¾% Senior Notes and the 5¾% Senior Notes Indenture on a joint and several, senior unsecured basis.

Products Corporation used a portion of the \$491.2 million of net proceeds from the issuance of the 5¾% Senior Notes (net of underwriters' fees), to repay and redeem all of the \$330 million outstanding aggregate principal amount of its 9¾% Senior Secured Notes, as well as to pay \$8.6 million of accrued interest. Products Corporation incurred an aggregate of \$19.3 million of fees for the applicable redemption and tender offer premiums, related fees and expenses in connection with redemption and repayment of the 9¾% Senior Secured Notes and other fees and expenses in connection with the issuance of the 5¾% Senior Notes. Products Corporation used a portion of the remaining proceeds from the issuance of the 5¾% Senior Notes, together with existing cash, to pay approximately \$113.0 million of principal on its 2011 Term Loan in conjunction with the February 2013 Term Loan Amendments. Products Corporation used the remaining balance available from the issuance of the 5¾% Senior Notes for general corporate purposes, including, without limitation, debt reduction transactions, such as repaying to Revlon, Inc. at maturity on October 8, 2013 the \$48.6 million principal amount due from Products Corporation (the "Contributed Loan"), which Revlon, Inc. used to pay the liquidation preference of Revlon, Inc.'s Preferred Stock in connection with its mandatory redemption on such date.

In connection with these refinancing transactions, the Company capitalized \$10.5 million of fees and expenses incurred related to the issuance of the 5¾% Senior Notes, which is being amortized over the term of the 5¾% Senior Notes using the effective interest method. The Company also recognized a loss on the early extinguishment of debt of \$25.4 million during the first nine months of 2013, comprised of \$17.6 million of redemption and tender offer premiums, as well as fees and expenses which were expensed as incurred in connection with the redemption and repayment of the 9¾% Senior Secured Notes, as well as the write-off of \$7.8 million of unamortized debt discount and deferred financing costs associated with the 9¾% Senior Secured Notes.

#### ***Ranking***

The 5¾% Senior Notes are Products Corporation's unsubordinated, unsecured obligations and rank senior in right of payment to any future subordinated obligations of Products Corporation and rank pari passu in right of payment with all existing and future senior debt of Products Corporation. Similarly, each Guarantee is the relevant Guarantor's joint and several, unsubordinated and unsecured obligation and ranks senior in right of payment to any future subordinated obligations of such Guarantor and ranks pari passu in right of payment with all existing and future senior debt of such Guarantor.

The 5¾% Senior Notes and the Guarantees rank effectively junior to Products Corporation's Amended Term Loan Facility and Amended Revolving Credit Facility, which are secured, as well as indebtedness and preferred stock of Products Corporation's foreign and immaterial subsidiaries (the "Non-Guarantor Subsidiaries"), none of which guarantee the 5¾% Senior Notes.



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*Optional Redemption*

On and after February 15, 2016, the 5¾% Senior Notes may be redeemed at Products Corporation's option, at any time as a whole, or from time to time in part, at the following redemption prices (expressed as percentages of principal amount), plus accrued interest to the date of redemption, if redeemed during the 12-month period beginning on February 15<sup>th</sup> of the years indicated below:

Year	Percentage
2016	104.313 %
2017	102.875 %
2018	101.438 %
2019 and thereafter	100.000 %

Products Corporation may redeem the 5¾% Senior Notes at its option at any time or from time to time prior to February 15, 2016, as a whole or in part, at a redemption price per 5¾% Senior Note equal to the sum of (1) the then outstanding principal amount thereof, plus (2) accrued and unpaid interest (if any) to the date of redemption, plus (3) the applicable premium based on the applicable treasury rate plus 75 basis points.

Prior to February 15, 2016, Products Corporation may, from time to time, redeem up to 35% of the aggregate principal amount of the 5¾% Senior Notes and any additional notes with, and to the extent Products Corporation actually receives, the net proceeds of one or more equity offerings from time to time, at 105.75% of the principal amount thereof, plus accrued interest to the date of redemption.

*Change of Control*

Upon the occurrence of specified change of control events, Products Corporation is required to make an offer to purchase all of the 5¾% Senior Notes at a purchase price of 101% of the outstanding principal amount of the 5¾% Senior Notes as of the date of any such repurchase, plus accrued and unpaid interest to the date of repurchase.

*Certain Covenants*

The 5¾% Senior Notes Indenture limits Products Corporation's and the Guarantors' ability, and the ability of certain other subsidiaries, to:

- incur or guarantee additional indebtedness ("Limitation on Debt");
- pay dividends, make repayments on indebtedness that is subordinated in right of payment to the 5¾% Senior Notes and make other "restricted payments" ("Limitation on Restricted Payments");
- make certain investments;
- create liens on their assets to secure debt;
- enter into transactions with affiliates;
- merge, consolidate or amalgamate with another company ("Successor Company");
- transfer and sell assets ("Limitation on Asset Sales"); and
- permit restrictions on the payment of dividends by Products Corporation's subsidiaries ("Limitation on Dividends from Subsidiaries").

These covenants are subject to important qualifications and exceptions. The 5¾% Senior Notes Indenture also contains customary affirmative covenants and events of default.

In addition, if during any period of time the 5¾% Senior Notes receive investment grade ratings from both Standard & Poor's and Moody's Investors Services, Inc. and no default or event of default has occurred and is continuing under the 5¾% Senior Notes Indenture, Products Corporation and its subsidiaries will not be subject to the covenants on Limitation on Debt, Limitation on Restricted Payments, Limitation on Asset Sales, Limitation on Dividends from Subsidiaries and certain provisions of the Successor Company covenant.

*Registration Rights*

On the Closing Date, Products Corporation, the Guarantors and the representatives of the initial purchasers of the 5¾% Senior Notes entered into a Registration Rights Agreement, pursuant to which Products Corporation and the Guarantors agreed with the representatives of the initial purchasers, for the benefit of the holders of the 5¾% Senior Notes, that Products Corporation will, at its cost, among other things: (i) file a registration statement with respect to the 5¾% Senior Notes within 150 days after the Closing Date to be used in connection with the exchange of the 5¾% Senior Notes and related guarantees for publicly registered notes and related guarantees with substantially identical terms in all material respects (except for the transfer restrictions relating

to the 5¾% Senior Notes and interest rate increases as described below); (ii) use its reasonable best efforts to cause the applicable registration statement to become effective under the Securities Act within 210 days after the Closing Date; and (iii) use its reasonable best efforts to effect an exchange offer of the 5¾% Senior Notes and the related guarantees for registered notes and related guarantees within 270 days after the Closing Date. In addition, under certain circumstances, Products Corporation may be required to file a shelf registration statement to cover resales of the 5¾% Senior Notes. If Products Corporation fails to satisfy such obligations, it will be obligated to pay additional interest to each holder of the 5¾% Senior Notes that are subject to transfer restrictions, with respect to the first 90-day period immediately following any such failure, at a rate of 0.25% per annum on the principal amount of the 5¾% Senior Notes that are subject to transfer restrictions held by such holder. The amount of additional interest will increase by an additional 0.25% per annum with respect to each subsequent 90-day period until all registration requirements have been satisfied, up to a maximum amount of additional interest of 0.50% per annum on the principal amount of the 5¾% Senior Notes that are subject to transfer restrictions. Pursuant to the Registration Agreement, in May 2013 Products Corporation filed a registration statement, and filed amended registration statements in June and July 2013, with the SEC that, when such statement becomes effective, will permit holders of the 5¾% Senior Notes to exchange such notes for new notes that will have substantially identical terms to the 5¾% Senior Notes, except that (1) the new notes and the related guarantees will be registered with the SEC under the Securities Act, and (2) the transfer restrictions and registration rights currently applicable to the 5¾% Senior Notes would no longer apply to the new notes.

The registration statement for the 5¾% Senior Notes has not been declared effective by the SEC due to the requirements to include certain financial information regarding Colomer, on a historical and pro forma basis, in the registration statement. Such financial information was not available for inclusion in the registration statement within the time frame required under the Registration Rights Agreement for the registration statement to be declared effective, thereby requiring the payment of additional interest on the 5¾% Senior Notes as described above. Accordingly, the Company has accrued \$0.3 million of additional interest as of September 30, 2013 with respect to and including the first 90-day period pursuant to the provisions of the Registration Rights Agreement described above, which period began on September 6, 2013.

Products Corporation was in compliance with all applicable covenants under its 5¾% Senior Notes Indenture as of September 30, 2013 and its 9¾% Senior Secured Notes Indenture as of December 31, 2012.

***(b) Term Loan and Revolving Credit Facility Amendments***

***(i) February 2013 Term Loan Amendments to the 2011 Term Loan Agreement***

On February 21, 2013, Products Corporation consummated the February 2013 Term Loan Amendments, among Products Corporation, as borrower, a syndicate of lenders and Citicorp, USA, Inc. ("CUSA"), as administrative agent and collateral agent.

Pursuant to the February 2013 Term Loan Amendments, Products Corporation reduced the total aggregate principal amount outstanding under the 2011 Term Loan Facility from \$788.0 million to \$675.0 million, using a portion of the proceeds from Products Corporation's issuance of its 5¾% Senior Notes (see "– 2013 Senior Notes Refinancing"), together with cash on hand. The February 2013 Term Loan Amendments also reduced the interest rates on the 2011 Term Loan such that Eurodollar Loans bear interest at the Eurodollar Rate plus 3.00% per annum, with the Eurodollar Rate not to be less than 1.00% (compared to 3.50% and 1.25%, respectively, prior to the February 2013 Term Loan Amendments), while Alternate Base Rate loans bear interest at the Alternate Base Rate plus 2.00%, with the Alternate Base Rate not to be less than 2.00% (compared to 2.50% and 2.25%, respectively, prior to the February 2013 Term Loan Amendments) (and as each such term is defined in the 2011 Term Loan Agreement).

Pursuant to the February 2013 Term Loan Amendments, Products Corporation, under certain circumstances, also has the right to request the 2011 Term Loan be increased by up to the greater of (i) \$300 million and (ii) an amount such that Products Corporation's First Lien Secured Leverage Ratio (as defined in the 2011 Term Loan Agreement) does not exceed 3.50:1.00 (compared to \$300 million prior to the February 2013 Term Loan Amendments), provided that the lenders are not committed to provide any such increase.

For the nine months ended September 30, 2013, the Company incurred approximately \$1.2 million of fees and expenses in connection with the February 2013 Term Loan Amendments, of which, \$0.2 million was capitalized. The Company expensed the remaining \$1.0 million of fees and expenses and wrote-off \$1.5 million of unamortized debt discount and deferred financing costs. These amounts, totaling \$2.5 million, were recognized within loss on early extinguishment of debt in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss) for the nine months ended September 30, 2013.

***(ii) August 2013 Term Loan Amendments***

On August 19, 2013, in connection with the Colomer Acquisition, Products Corporation consummated the August 2013 Term Loan Amendment to its 2011 Term Loan Agreement, which permits, among other things: (i) Products Corporation's consummation

of the Colomer Acquisition; and (ii) Products Corporation's incurring up to \$700 million of Acquisition Term Loans to use as a source of funds to consummate the Colomer Acquisition and pay related fees and expenses.

For the three and nine months ended September 30, 2013, the Company incurred approximately \$1.9 million of fees and expenses in connection with the August 2013 Term Loan Amendments. The Company capitalized \$1.7 million of fees and expenses, which are being amortized over the remaining life of the 2011 Term Loan using the effective interest method. The remaining \$0.2 million of fees and expenses were expensed as incurred.

*(iii) Incremental Amendment*

On August 19, 2013, in connection with the Colomer Acquisition, Products Corporation entered into the Incremental Amendment resulting in the Amended Term Loan Agreement, with the Initial Acquisition Lenders and Citicorp USA, Inc. as administrative agent and collateral agent pursuant to which the Initial Acquisition Lenders committed to provide up to \$700 million of Acquisition Term Loans, which Products Corporation used as a source of funds to consummate the Colomer Acquisition.

For the three and nine months ended, September 30, 2013, the Company incurred approximately \$1.7 million of fees and expenses in connection with the Acquisition Term Loans. Such fees were capitalized and will be amortized over the life of the Acquisition Term Loans using the effective interest method beginning on the closing date.

*(iv) Amended Revolving Credit Facility*

On August 14, 2013, in connection with the Colomer Acquisition, Products Corporation consummated the August 2013 Revolver Amendment to the \$140.0 million asset-backed, multi-currency revolving credit facility (the "Amended Revolving Credit Facility") to permit, among other things: (a) Products Corporation's consummation of the Colomer Acquisition; and (b) Products Corporation's incurring up to \$700 million of the Acquisition Term Loans that Products Corporation used as a source of funds to consummate the Colomer Acquisition. Additionally, the August 2013 Revolver Amendment (1) reduced Products Corporation's interest rate spread over the LIBOR rate applicable to Eurodollar Loans under the facility from a range, based on availability, of 2.00% to 2.50%, to a range of 1.50% to 2.00%; (2) reduced the commitment fee on unused availability under the facility from 0.375% to 0.25%; and (3) extended the maturity of the facility, which was previously scheduled to mature in June 2016, to the earlier of (i) August 2018 or (ii) the date that is 90 days prior to the earliest maturity date of any term loans then outstanding under Products Corporation's bank term loan agreements, but not earlier than June 2016.

For the three and nine months ended September 30, 2013, the Company incurred approximately \$0.4 million of fees and expenses in connection with the August 2013 Revolver Amendment, which were capitalized and are being amortized over the life of the Amended Revolving Credit Facility using the effective interest method.

For a summary description of the terms of the Amended Term Loan Facility, including the 2011 Term Loan and Acquisition Term Loans, and the Amended Revolving Credit Facility, see Note 6, "Long-Term Debt and Redeemable Preferred Stock" within this Form 10-Q.

***Amended and Restated Senior Subordinated Term Loan***

On October 8, 2013, Revlon, Inc. consummated the mandatory redemption of the Series A Preferred Stock for \$48.6 million, which represents the \$5.21 liquidation preference for each of the outstanding 9,336,905 shares of Series A Preferred Stock issued in the 2009 Exchange Offer using the proceeds from Products Corporation's repayment of the Contributed Loan to Revlon, Inc. on such date.

For further detail regarding Products Corporation's Amended and Restated Senior Subordinated Term Loan, see Note 10, "Long-Term Debt and Redeemable Preferred Stock," to the Consolidated Financial Statements in Revlon, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012, filed with the U.S. Securities and Exchange Commission (the "SEC") on February 13, 2013 (the "2012 Form 10-K"), as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations - Financial Condition, Liquidity and Capital Resources" in Revlon, Inc.'s 2012 Form 10-K.

***Covenants***

Products Corporation was in compliance with all applicable covenants under the Amended Term Loan Agreement and Amended Revolving Credit Agreement (the "Amended Credit Agreements") as of September 30, 2013. At September 30, 2013, the aggregate principal amount outstanding under the 2011 Term Loan was \$675.0 million and availability under the Amended Revolving Credit Facility, based upon the calculated borrowing base less \$9.8 million of outstanding undrawn letters of credit and nil then drawn on the Amended Revolving Credit Facility was \$130.2 million. There were no borrowings under the Amended

Revolving Credit Facility during the third quarter and first nine months of 2013. The average borrowings under the 2011 Revolving Credit Facility were \$16.2 million and \$5.4 million during the third quarter and first nine months of 2012, respectively.

#### ***Impact of Foreign Currency Translation – Venezuela***

During both the third quarters of 2013 and 2012, Revlon Venezuela had net sales of approximately 2% of the Company's consolidated net sales. During the first nine months of 2013 and 2012, Revlon Venezuela had net sales of approximately 1% and 2%, respectively, of the Company's consolidated net sales. At both September 30, 2013 and December 31, 2012, total assets in Revlon Venezuela were approximately 2% of the Company's total assets.

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

Currency Devaluation: On February 8, 2013, the Venezuelan government announced the devaluation of its local currency ("Bolivars") relative to the U.S. Dollar, effective beginning February 13, 2013. The devaluation changed the official exchange rate to 6.30 Bolivars per U.S. Dollar (the "Official Rate"). The Venezuelan government also announced that the currency market administered by the central bank known as the *Sistema de Transacciones en Moneda Extranjera* ("SITME") would be eliminated. Revlon Venezuela was using the U.S. Dollars obtained in the SITME market to import finished products and sell them in the local market. As previously disclosed in Revlon, Inc.'s 2012 Form 10-K, the Company was also using the SITME rate to translate the financial statements of Revlon Venezuela beginning in April 2011.

As a result of the elimination of the SITME market, the Company began using the Official Rate of 6.30 Bolivars per U.S. Dollar to translate Revlon Venezuela's financial statements beginning in the first quarter of 2013. For the nine months ended September 30, 2013, the devaluation of the local currency had the impact of reducing reported net sales by \$1.5 million and reducing reported operating income by \$0.5 million. Additionally, to reflect the impact of the currency devaluation, a one-time foreign currency loss of \$0.6 million was recorded in the first quarter of 2013 as a result of the required re-measurement of Revlon Venezuela's balance sheet. As Venezuela was designated as a highly inflationary economy effective January 1, 2010, the Company reflected this foreign currency loss in earnings.

During the second quarter of 2013, Revlon Venezuela received approval from the Venezuelan government to import certain products through the foreign exchange commission, the *Comisión de Administración de Divisas* ("CADIVI"), subject to certain restrictions. The Company began importing certain products in the third quarter of 2013 utilizing the CADIVI market. The value of these imports was insignificant to the Company's net sales in the third quarter of 2013. In addition, a new foreign currency exchange system, *Sistema Complementario de Administración de Divisas* ("SICAD") has been developed in Venezuela to replace the SITME market. The Company has been unable to access U.S. Dollars in Venezuela using SICAD, but will consider participating in exchanging Bolivars for U.S. Dollars to the extent permitted should U.S. Dollars become available to the Company through SICAD in the future. If the rate of exchange in any new currency market is higher than the Official Rate, it may have a negative impact on the Company's results of operations going forward.

#### ***Sources and Uses***

The Company's principal sources of funds are expected to be operating revenues, cash on hand and funds available for borrowing under the Amended Revolving Credit Facility and other permitted lines of credit. The Amended Credit Agreements, the 5¾% Senior Notes Indenture and the Amended and Restated Senior Subordinated Term Loan Agreement (the "Amended and Restated Senior Subordinated Term Loan Agreement") contain certain provisions that by their terms limit Products Corporation and its subsidiaries' ability to, among other things, incur additional debt.

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

The Company's principal uses of funds are expected to be the payment of operating expenses, including expenses in connection with the continued execution of the Company's business strategy, the Colomer Acquisition and related integration costs, purchases of permanent wall displays, capital expenditure requirements, debt service payments and costs, tax payments, pension and post-retirement benefit plan contributions, payments in connection with the Company's restructuring programs, severance not otherwise included in the Company's restructuring programs, debt repurchases, and costs related to litigation. The Company's cash contributions to its pension and post-retirement benefit plans in the first nine months of 2013 were \$16.0 million. The Company expects cash contributions to its pension and post-retirement benefit plans to be approximately \$20 million in the aggregate for full year 2013. The Company's cash taxes paid in the first nine months of 2013 were \$10.7 million. The Company expects to pay cash taxes of approximately \$15 million in the aggregate for full year 2013. The Company's purchases of permanent wall displays and capital expenditures in the first nine months of 2013 were \$30.1 million and \$17.9 million, respectively. The Company expects purchases of permanent wall displays and capital expenditures in the aggregate for full year 2013 to be approximately \$50 million and \$25 million, respectively.

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

Continuing to execute the Company's business strategy could include taking advantage of additional opportunities to reposition, repackage or reformulate one or more brands or product lines, launching additional new products, acquiring businesses or brands, further refining the Company's approach to retail merchandising and/or taking further actions to optimize its manufacturing, sourcing and organizational size and structure, including optimizing the integration of the Colomer Acquisition. The Company plans to integrate the operations of Colomer into the Company's business and expects to achieve approximately \$25 million of annualized cost synergies by the end of year two, at a cost of approximately \$40 million over the two-year period following the acquisition's October 9, 2013 closing. Any of these actions, the intended purpose of which would be to create value through profitable growth, could result in the Company making investments and/or recognizing charges related to executing against such opportunities. Any such activities may be funded with cash on hand, funds available under the Amended Revolving Credit Facility and/or other permitted additional sources of capital, which actions could increase the Company's total debt.

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

The Company expects that operating revenues, cash on hand and funds available for borrowing under the Amended Revolving Credit Facility and other permitted lines of credit will be sufficient to enable the Company to cover its operating expenses for 2013, including cash requirements in connection with the payment of operating expenses, including expenses in connection with the execution of the Company's business strategy, the Colomer Acquisition and related integration costs, purchases of permanent wall displays, capital expenditure requirements, debt service payments and costs, tax payments, pension and post-retirement plan contributions, payments in connection with the Company's restructuring programs, severance not otherwise included in the Company's restructuring programs, debt repurchases and costs related to litigation.

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

Any such developments, if significant, could reduce the Company's revenues and operating income and could adversely affect Products Corporation's ability to comply with certain financial covenants under the Amended Credit Agreements and in such event

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the Company could be required to take measures, including, among other things, reducing discretionary spending. See also Item 1A. "Risk Factors" in this Form 10-Q for further discussion of certain risks associated with the Company's business and indebtedness.

Revlon, Inc.'s payment of the regular quarterly dividends on its Preferred Stock has been funded by cash interest payments received by Revlon, Inc. from Products Corporation on the Contributed Loan (the \$48.6 million portion of the Amended and Restated Senior Subordinated Term Loan that was contributed to Revlon, Inc. by MacAndrews & Forbes in connection with the voluntary exchange offer Revlon, Inc. launched and consummated in 2009 (the "2009 Exchange Offer"). In accordance with the terms of the certificate of designation of the Preferred Stock, on July 8, 2013, Revlon, Inc. paid to holders of record of the Preferred Stock at the close of business on June 27, 2013 the regular quarterly dividend in the amount of \$0.165614 per share, or \$1.5 million in the aggregate, for the period from April 9, 2013 through July 8, 2013. In addition, on October 8, 2013, Revlon, Inc. paid to holders of record of the Preferred Stock at the close of business on September 27, 2013 the final regular quarterly dividend in the amount of \$0.167434 per share, or \$1.6 million in the aggregate, for the period from July 9, 2013 through October 8, 2013. Additionally, on October 8, 2013, Revlon, Inc. consummated the mandatory redemption of the Preferred Stock (in accordance with the Preferred Stock's certificate of designation) for \$48.6 million, which represents the \$5.21 liquidation preference for each of the outstanding 9,336,905 shares of Preferred Stock using the proceeds from Products Corporation's repayment of the Contributed Loan to Revlon, Inc. on such date. The payment of such interest and principal under the Contributed Loan to Revlon, Inc. by Products Corporation was permissible under the Amended Credit Agreements, the Amended and Restated Senior Subordinated Term Loan Agreement and the 5¾% Senior Notes Indenture.

Products Corporation enters into FX Contracts and option contracts from time to time to hedge certain net cash flows denominated in currencies other than the local currencies of the Company's foreign and domestic operations. The FX Contracts are entered into primarily for the purpose of hedging anticipated inventory purchases and certain intercompany payments denominated in currencies other than the local currencies of the Company's foreign and domestic operations and generally have maturities of less than one year. At September 30, 2013, the FX Contracts outstanding had a notional amount of \$46.2 million and a net asset fair value of \$0.1 million.

**Disclosures about Contractual Obligations and Commercial Commitments**

As of September 30, 2013, there were no material changes to the Company's total contractual cash obligations, as set forth in the contractual obligations and commercial commitments table included in Revlon, Inc.'s 2012 Form 10-K, other than those entered into in connection with the February 2013 Term Loan Amendments and the 2013 Senior Notes Refinancing.

The following reflects the impact of the February 2013 Term Loan Amendments and the 2013 Senior Notes Refinancing on the Company's principal and interest obligations related to its long-term debt, and does not reflect the Acquisition Term Loans which were drawn in October 2013 (see "Overview - Recent Events - Acquisition of The Colomer Group Participations" and - "Financial Condition, Liquidity and Capital Resources - Long-Term Debt Instruments"):

Contractual Obligations	Payments Due by Period (dollars in millions)				
	Total	2013 Q4	2014-2015	2016-2017	After 2017
Long-term debt, including current portion <sup>(a)</sup>	\$ 1,233.4	\$ —	\$ 58.4	\$ 675.0	\$ 500.0
Interest on long-term debt <sup>(b)</sup>	337.5	10.8	117.0	109.1	100.6

<sup>(a)</sup> Amount includes (i) the \$675.0 million aggregate principal amount outstanding under the 2011 Term Loan as of September 30, 2013; (ii) the \$500.0 million aggregate principal amount outstanding under the 5¾% Senior Notes as of September 30, 2013; and (iii) the \$58.4 million aggregate principal amount outstanding of the Non-Contributed Loan (the portion of the Amended and Restated Senior Subordinated Term Loan that remains owing from Products Corporation to various third parties) as of September 30, 2013, which loan matures on October 8, 2014 and bears interest at a floating rate of LIBOR plus 7% with a 1.5% LIBOR floor.

<sup>(b)</sup> Consists of interest through the respective maturity dates on (i) the \$675.0 million in aggregate principal amount outstanding under the 2011 Term Loan based upon assumptions regarding the amount of debt outstanding under the Amended Term Loan Agreement; (ii) the \$500.0 million in aggregate principal amount of the 5¾% Senior Notes; and (iii) the \$58.4 million aggregate principal amount outstanding of the Non-Contributed Loan; based on interest rates under such debt agreements as of September 30, 2013.

**Off-Balance Sheet Transactions**

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

**Discussion of Critical Accounting Policies**

For a discussion of the Company's critical accounting policies, see Revlon, Inc.'s 2012 Form 10-K.

**Effect of Recent Accounting Pronouncements**

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

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

The Company has exposure to market risk both as a result of changing interest rates and movements in foreign currency exchange rates. The Company's policy is to manage market risk through a combination of fixed and floating rate debt. The Company from time to time makes use of derivative financial instruments to adjust its fixed and floating rate ratio. The Company does not hold or issue financial instruments for trading purposes. The qualitative and quantitative information presented in Item 7A of Revlon, Inc.'s 2012 Form 10-K ("Item 7A") describes significant aspects of the Company's financial instrument programs that have material market risk as of December 31, 2012. The following tables present the information required by Item 7A as of September 30, 2013:

**Interest Rate Sensitivity**
**Expected Maturity Date for the year ended December 31,**

(dollars in millions, except for rate information)

	2013	2014	2015	2016	2017	Thereafter	Total	Fair Value September 30, 2013
<b>Debt</b>								
Short-term variable rate (various currencies) \$	6.6						\$ 6.6	\$ 6.6
Average interest rate <sup>(a)</sup>	6.2%							
Long-term fixed rate – third party (\$US)	48.6	(b)				\$ 500.0	548.6	530.5
Average interest rate	12.75%					5.75%		
Long-term variable rate – third party (\$US)	—	\$ 58.4	(c)	\$ —	\$ —	\$ 675.0	—	732.8
Average interest rate <sup>(a)(d)</sup>	—	8.5%	—	—	4.6%	—	—	—
Total debt	\$ 55.2	\$ 58.4	\$ —	\$ —	\$ 675.0	\$ 500.0	\$ 1,288.6	\$ 1,269.9

<sup>(a)</sup> Weighted average variable rates are based upon implied forward rates from the U.S. Dollar LIBOR yield curves at September 30, 2013.

<sup>(b)</sup> Represents the \$48.6 million which was paid by Revlon, Inc. at maturity on October 8, 2013 for the Preferred Stock issued in the 2009 Exchange Offer. Annual cash dividends of 12.75% on the Preferred Stock were payable quarterly over the four-year term of the Preferred Stock. See Management's Discussion and Analysis of Financial Condition and Results of Operations - Overview - Recent Events - Mandatory Redemption of Preferred Stock."

<sup>(c)</sup> Represents the \$58.4 million aggregate principal amount outstanding of the Non-Contributed Loan (the portion of the Amended and Restated Senior Subordinated Term Loan that remains owing from Products Corporation to various third parties) as of September 30, 2013 which loan matures on October 8, 2014.

<sup>(d)</sup> The Amended Term Loan Facility bears interest at the Eurodollar Rate (as defined in the Amended Term Loan Agreement) plus 3.00% per annum (with the Eurodollar Rate not to be less than 1.00%). The Non-Contributed Loan bears interest at a floating rate of LIBOR plus 7%, with a 1.5% LIBOR floor, which is payable quarterly in arrears in cash.

**Exchange Rate Sensitivity**

Forward Contracts ("FC")	Average Contractual Rate \$/FC	Original US Dollar Notional Amount	Contract Value September 30, 2013	Asset (Liability) Fair Value September 30, 2013
Sell Canadian Dollars/Buy USD	0.9656	\$ 18.5	\$ 18.5	\$ —
Sell Australian Dollars/Buy USD	0.9543	12.7	13.1	0.4
Buy Australian Dollars/Sell NZ Dollars	1.1943	5.3	5.0	(0.3)
Sell South African Rand/Buy USD	0.1000	4.9	5.0	0.1
Sell Japanese Yen/Buy USD	0.0101	4.1	4.0	(0.1)
Sell Hong Kong Dollars/Buy USD	0.1290	0.5	0.5	—
Sell New Zealand Dollars/Buy USD	0.8040	0.2	0.2	—
Total forward contracts		\$ 46.2	\$ 46.3	\$ 0.1



#### Item 4. Controls and Procedures

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

(b) **Changes in Internal Control Over Financial Reporting.** There have not been any changes in the Company's internal control over financial reporting during the first nine months of 2013 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

#### Forward-Looking Statements

This Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2013, as well as other public documents and statements of the Company, contain forward-looking statements that involve risks and uncertainties, which are based on the beliefs, expectations, estimates, projections, assumptions, forecasts, plans, anticipations, targets, outlooks, initiatives, visions, objectives, strategies, opportunities, drivers, focus and intents of the Company's management. While the Company believes that its estimates and assumptions are reasonable, the Company cautions that it is very difficult to predict the impact of known factors, and, of course, it is impossible for the Company to anticipate all factors that could affect its results. The Company's actual results may differ materially from those discussed in such forward-looking statements. Such statements include, without limitation, the Company's expectations and estimates (whether qualitative or quantitative) as to:

- (i) the Company's future financial performance;
- (ii) the effect on sales of decreased consumer spending in response to weak economic conditions or weakness in the consumption of beauty care products; adverse changes in currency exchange rates and/or currency controls; decreased sales of the Company's products as a result of increased competitive activities by the Company's competitors, changes in consumer purchasing habits, including with respect to shopping channels; inventory management by the Company's customers; space reconfigurations or reductions in display space by the Company's customers; changes in pricing or promotional strategies by the Company's customers; less than anticipated results from the Company's existing or new products or from its advertising, promotional and/or marketing plans; or if the Company's expenses, including, without limitation, for pension expense under its benefit plans, acquisition-related integration costs, costs related to litigation, advertising, promotional and marketing activities, or for sales returns related to any reduction of space by the Company's customers, product discontinuances or otherwise, exceed the anticipated level of expenses;
- (iii) the Company's belief that the continued execution of its business strategy could include taking advantage of additional opportunities to reposition, repackage or reformulate one or more brands or product lines, launching additional new products, acquiring businesses or brands, further refining its approach to retail merchandising and/or taking further actions to optimize its manufacturing, sourcing and organizational size and structure, including optimizing the integration of the Colomer Acquisition (including the Company's plans to integrate the operations of Colomer into the Company's business and expects to achieve approximately \$25 million of annualized cost synergies by the end of year two, at a cost of approximately \$40 million over the two-year period following the acquisition's October 9, 2013 closing), any of which, the intended purpose of which would be to create value through profitable growth, could result in the Company making investments and/or recognizing charges related to executing against such opportunities, which activities may be funded with cash on hand, funds available under the Amended Revolving Credit Facility and/or other permitted additional sources of capital, which actions could increase the Company's total debt;
- (iv) the Company's expectations regarding its strategic goal to profitably grow its business and as to the business strategies employed to achieve this goal, which are: (a) continuing to build its strong brands by focusing on innovative, high-quality, consumer-preferred brand offering; effective consumer brand communication; appropriate levels of advertising and promotion; and superb execution with its customers; (b) continuing to develop its organizational capability through retaining, attracting and rewarding highly capable people and through performance management, development planning, succession planning and training; (c) continuing to drive common global processes which are designed to provide the most efficient and effective allocation of its resources; (d) focusing on pursuing growth opportunities with the Company's existing brands as well as seeking to acquire brands to complement the Company's

- core business; and (e) continuing to drive the Company's collective business activities to deliver improved financial performance;
- (v) the effect of restructuring activities, restructuring costs and charges, the timing of restructuring payments and the benefits from such activities; including, without limitation, the Company's expectation that approximately \$7 million of cost reductions associated with the September 2012 Program are expected to benefit 2013 and annualized cost reductions thereafter are expected to be approximately \$10 million; the Company's expectation to recognize total charges of approximately \$27 million related to the September 2012 Program; and the Company's expectation that the total net cash paid related to the September 2012 Program will be approximately \$24 million (which includes the cash proceeds of \$2.7 million received in July 2013 related to the sale of the Company's manufacturing facility in France), of which \$3.8 million was paid in 2012, \$13.3 million was paid in the nine months ended September 30, 2013, \$4 million is expected to be paid during the fourth quarter of 2013 and the remainder is expected to be paid in 2014;
  - (vi) the Company's expectation that operating revenues, cash on hand and funds available for borrowing under Products Corporation's Amended Revolving Credit Facility and other permitted lines of credit will be sufficient to enable the Company to cover its operating expenses for 2013, including the cash requirements referred to in item (viii) below;
  - (vii) the Company's expected principal sources of funds, including operating revenues, cash on hand and funds available for borrowing under Products Corporation's Amended Revolving Credit Facility and other permitted lines of credit, as well as the availability of funds from the Company taking certain measures, including, among other things, reducing discretionary spending;
  - (viii) the Company's expected principal uses of funds, including amounts required for the payment of operating expenses, including expenses in connection with the continued execution of the Company's business strategy, the Colomer Acquisition and related integration costs, payments in connection with the Company's purchases of permanent wall displays, capital expenditure requirements, debt service payments and costs, tax payments, pension and post-retirement benefit plan contributions, payments in connection with the Company's restructuring programs, severance not otherwise included in the Company's restructuring programs, debt repurchases (including, without limitation, that the Company may also, from time to time, seek to retire or purchase its outstanding debt obligations in open market purchases, in privately negotiated transactions or otherwise and may seek to refinance some or all of its indebtedness based upon market conditions and that any retirement or purchase of debt may be funded with operating cash flows of the business or other sources and will depend upon prevailing market conditions, liquidity requirements, contractual restrictions and other factors, and the amounts involved may be material), and costs related to litigation; and its estimates of the amount and timing of its operating expenses, the payment of costs related to the Colomer Acquisition and its related integration, debt service payments (including payments required under Products Corporation's debt instruments), cash contributions to the Company's pension plans and its other post-retirement benefit plans, net periodic benefit costs/income for the pension and other post-retirement benefit plans, cash tax payments, purchases of permanent wall displays, capital expenditures, restructuring costs and payments, severance costs and payments, debt repurchases, and costs related to litigation;
  - (ix) matters concerning the Company's market-risk sensitive instruments, as well as the Company's expectations as to the counterparty's performance, including that any loss arising from any non-performance by the counterparty would not be material;
  - (x) the Company's expectation to efficiently manage its working capital, including, among other things, initiatives intended to optimize inventory levels over time; centralized procurement to secure discounts and efficiencies; prudent management of accounts receivable and accounts payable; and controls on general and administrative spending; and the Company's belief that in the ordinary course of business, its source or use of cash from operating activities may vary on a quarterly basis as a result of a number of factors, including the timing of working capital flows;
  - (xi) the Company's expectations regarding its future net periodic benefit cost for its U.S. and international defined benefit plans;
  - (xii) the Company's belief that it maintains comprehensive property insurance, as well as business interruption insurance;
  - (xiii) the Company's expectation that its tax provision and effective tax rate in any individual quarter will vary and may not be indicative of the Company's tax provision and effective tax rate for the full year;
  - (xiv) the Company's expectation that as new currency markets are developed in Venezuela, the Company will consider participating in exchanging Bolivars for U.S. Dollars to the extent permitted and the Company's belief that if the rate of exchange in any new currency market is higher than the Official Rate, it may have a negative impact on the Company's results of operations going forward;
  - (xv) the Company's belief that while the outcome of all pending legal proceedings in the aggregate is unlikely to have a material adverse effect on the Company's business, financial condition and/or its results of operations, in light of the

uncertainties involved in legal proceedings generally, the ultimate outcome of a particular matter could be material to the Company's operating results for a particular period depending on, among other things, the size of the loss or the nature of the liability imposed and the level of the Company's income for that particular period;

- (xvi) the Company's belief that while the new structure of its long-term incentive plan does not change the amount of the employees' potential annual incentive award, the transition is expected to result in higher expense in 2013 and 2014 as compared to 2012 by approximately \$5 million and \$3 million, respectively;
- (xvii) the Company's \$4.5 million accrual for estimated clean-up costs related to the destroyed facility in Venezuela; and
- (xviii) the Company's beliefs and expectations regarding certain benefits of the Colomer Acquisition, including that it (i) provides cost synergy opportunities and (ii) offers opportunities for profitable growth by leveraging the combined Company's enhanced innovation capability and know-how.

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

Investors are advised, however, to consult any additional disclosures the Company made or may make in its 2012 Form 10-K, and in its Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, in each case filed with the SEC in 2013 (which, among other places, can be found on the SEC's website at <http://www.sec.gov>, as well as on the Company's corporate website at [www.revloninc.com](http://www.revloninc.com)). Except as expressly set forth in this Form 10-Q, the information available from time to time on such websites shall not be deemed incorporated by reference into this Quarterly Report on Form 10-Q. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. **See also Item 1A. "Risk Factors" in this Form 10-Q for further discussion of risks associated with the Company's business.** In addition to factors that may be described in the Company's filings with the SEC, including this filing, the following factors, among others, could cause the Company's actual results to differ materially from those expressed in any forward-looking statements made by the Company:

- (i) unanticipated circumstances or results affecting the Company's financial performance, including decreased consumer spending in response to weak economic conditions or weakness in the consumption of beauty care products; changes in consumer preferences, such as reduced consumer demand for the Company's color cosmetics and other current products, including new product launches; changes in consumer purchasing habits, including with respect to shopping channels; lower than expected customer acceptance or consumer acceptance of, or less than anticipated results from, the Company's existing or new products; higher than expected integration costs related to the Colomer Acquisition; higher than expected pension expense and/or cash contributions under its benefit plans, costs related to litigation, advertising, promotional and/or marketing expenses or lower than expected results from the Company's advertising, promotional and/or marketing plans; higher than expected sales returns or decreased sales of the Company's existing or new products; actions by the Company's customers, such as inventory management and greater than anticipated space reconfigurations or reductions in display space and/or product discontinuances or a greater than expected impact from pricing or promotional strategies by the Company's customers; and changes in the competitive environment and actions by the Company's competitors, including business combinations, technological breakthroughs, new product offerings, increased advertising, promotional and marketing spending and advertising, promotional and/or marketing successes by competitors;
- (ii) in addition to the items discussed in (i) above, the effects of and changes in economic conditions (such as continued volatility in the financial markets, inflation, monetary conditions and foreign currency fluctuations and currency controls, as well as in trade, monetary, fiscal and tax policies in international markets) and political conditions (such as military actions and terrorist activities);
- (iii) unanticipated costs or difficulties or delays in completing projects associated with the continued execution of the Company's business strategy or lower than expected revenues or the inability to create value through profitable growth as a result of such strategy, including lower than expected sales, or higher than expected costs, including as may arise from any additional repositioning, repackaging or reformulating of one or more brands or product lines, launching of new product lines, including higher than expected expenses, including for sales returns, for launching its new products, acquiring businesses or brands, further refining its approach to retail merchandising, and/or difficulties, delays or increased costs in connection with taking further actions to optimize the Company's manufacturing, sourcing, supply chain or organizational size and structure, including optimizing the integration of the Colomer Acquisition (including difficulties or delays in and/or the Company's inability to integrate the Colomer

business which could result in less than expected cost synergies, more than expected costs to achieve the planned synergies or delays in achieving the expected synergies), as well as the unavailability of cash on hand and/or funds under the Amended Revolving Credit Facility or from other permitted additional sources of capital to fund such potential activities;

- (iv) difficulties, delays or unanticipated costs in achieving the Company's strategic goal to profitably grow its business and as to the business strategies employed to achieve this goal, such as (a) difficulties, delays or the Company's inability to build its strong brands, such as due to less than effective product development, less than expected acceptance of its new or existing products by consumers and/or the Company's customers, less than expected acceptance of its advertising, promotional and/or marketing plans by its consumers and/or the Company's customers, less than expected investment in advertising, promotional and/or marketing activities or greater than expected competitive investment, less than expected acceptance of its brand communication by consumers and/or by the Company's customers, less than expected levels of advertising, promotional and/or marketing activities for its new product launches and/or less than expected levels of execution with the Company's customers or higher than expected costs and expenses; (b) difficulties, delays or the inability to develop its organizational capability; (c) difficulties, delays or unanticipated costs in connection with its plans to continue to drive common global processes which are designed to provide the most efficient and effective allocation of its resources, such as due to higher than anticipated levels of investment required to support and build its brands globally; (d) difficulties, delays or unanticipated costs in connection with its plans to pursue growth opportunities with the Company's existing brands, such as due to those reasons set forth in clause (iv)(a) above, and/or acquire businesses or brands to complement the Company's core business, such as difficulties, delays or unanticipated costs in consummating, or its inability to consummate, transactions to acquire new businesses or brands or higher than expected integration costs related to the Colomer Acquisition; and/or (e) difficulties, delays or unanticipated costs in continuing to drive the Company's collective business activities to deliver improved financial performance;
- (v) difficulties, delays or unanticipated costs or charges or less than expected savings and other benefits resulting from the Company's restructuring activities, such as greater than anticipated costs or charges or less than anticipated cost reductions or other benefits from the September 2012 Program and the risk that any of such programs may not satisfy the Company's objectives;
- (vi) lower than expected operating revenues, cash on hand and/or funds available under the Amended Revolving Credit Facility and/or other permitted lines of credit or higher than anticipated operating expenses, such as referred to in clause (viii) below;
- (vii) the unavailability of funds under Products Corporation's Amended Revolving Credit Facility or other permitted lines of credit; or from difficulties, delays in or the Company's inability to take other measures, such as reducing discretionary spending;
- (viii) higher than expected operating expenses, sales returns, working capital expenses, permanent wall display costs, capital expenditures, debt service payments, tax payments, cash pension plan contributions, post-retirement benefit plan contributions and/or net periodic benefit costs for the pension and other post-retirement benefit plans, integration costs related to the Colomer Acquisition, restructuring costs, severance not otherwise included in the Company's restructuring programs, debt repurchases and/or costs related to litigation;
- (ix) interest rate or foreign exchange rate changes affecting the Company and its market-risk sensitive financial instruments and/or difficulties, delays or the inability of the counterparty to perform such transactions;
- (x) difficulties, delays or the inability of the Company to efficiently manage its cash and working capital;
- (xi) lower than expected returns on pension plan assets and/or lower discount rates, which could result in higher than expected cash contributions and/or net periodic benefit costs;
- (xii) unanticipated events or circumstances that could cause the Company's property and/or business interruption insurance to provide less than adequate coverage;
- (xiii) unexpected significant variances in the Company's tax provision and effective tax rate;
- (xiv) difficulties, delays in or the Company's inability to exchange Bolivars for U.S. Dollars, whether due to the lack of a market developing for such exchange or otherwise and/or unanticipated adverse impacts to the Company's results of operations such as due to higher than expected exchange rates; and difficulties or delays in the Company's ability to import certain products through CADIVI;
- (xv) unexpected effects on the Company's business, financial condition and/or its results of operations as a result of legal proceedings;
- (xvi) unanticipated consequences from the Company's new long-term incentive plan, such as higher than anticipated expenses or changes in the periods when such expenses would be recognized;

- (xvii) unanticipated costs incurred in connection with the activities related to the destroyed facility in Venezuela; and/or
- (xviii) difficulties or delays in realizing, or less than anticipated, benefits from the Colomer Acquisition, such as (i) less than expected cost synergies, more than expected costs to achieve the planned synergies or delays in achieving the expected synergies, such as due to difficulties or delays in and/or the Company's inability to integrate the Colomer business, and/or (ii) less than expected growth from the Colomer brands, such as due to difficulties, delays, unanticipated costs or the Company's inability to launch innovative new professional products and/or difficulties or delays in and/or the Company's inability to expand its distribution into new channels.

Factors other than those listed above could also cause the Company's results to differ materially from expected results.

#### **Website Availability of Reports and Other Corporate Governance Information**

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

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

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

As previously disclosed in Revlon, Inc.'s 2012 Form 10-K, Revlon, Inc., certain of Revlon, Inc.'s current and former directors and MacAndrews & Forbes Holdings Inc. entered into settlement agreements with the plaintiffs in class and derivative actions related to the 2009 Exchange Offer. For the three and nine months ended September 30, 2012, the Company recorded charges of \$2.2 million and \$8.9 million, respectively, with respect to the Company's then-estimated costs of resolving the actions, including the Company's estimate at that time of additional payments to be made to certain of the settling stockholders. These charges are included within SG&A expenses in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and nine months ended September 30, 2012.

In March 2013, the parties executed an amendment to one of the settlement agreements, specifically the class action settlement agreement. The amendment did not affect the financial terms of the class action settlement; rather, it modified the scope of the releases given by those class members who did not participate in the 2009 Exchange Offer. Later in March 2013, the class action settlement, as amended, was presented to the Delaware Court of Chancery, and approved. The class action settlement was conditioned, and became effective, upon final approval of the derivative action settlement and final dismissal of the actions pending outside of the Delaware Court of Chancery. The derivative action settlement was approved by the U.S. District Court for the District of Delaware on April 30, 2013. In early May 2013, the U.S. District Court for the District of Delaware dismissed the purported class action filed by John Garofalo, and in late July 2013, the Supreme Court of New York, New York County dismissed the Sullivan action. The entire settlement of all the actions noted above became effective thirty days after dismissal of the Sullivan action. In August 2013, a payment of \$8.9 million, representing the Company's allocable portion of the settlement amount, was made to settle all amounts owed by the Company in connection with the settlement agreements.

The Company agreed with the staff of the SEC (or the "Commission") on the terms of a proposed settlement of an investigation relating to certain disclosures made by Revlon, Inc. in its public filings in 2009 in connection with the 2009 Exchange Offer. On June 13, 2013, the Commission approved such settlement and Revlon, Inc. entered into the settlement without admitting or denying the findings set forth therein and, pursuant to its terms, Revlon, Inc., among other things, paid a civil penalty of \$850,000.

In September 2013, Revlon, Inc. received a final payment of approximately \$1.8 million of insurance proceeds in connection with matters related to the 2009 Exchange Offer. These proceeds are recorded as a gain within SG&A expenses in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and nine months ended September 30, 2013.

### Item 1A. Risk Factors

In addition to the other information set forth in this report, when evaluating the Company's business, investors should carefully consider the risk factors discussed in **Part I, Item 1A. "Risk Factors" in Revlon, Inc.'s 2012 Form 10-K, as supplemented by Part II, Item 1A "Risk Factors" in Revlon, Inc.'s March 31, 2013 Form 10-Q filed with the SEC on April 25, 2013.**

Investors should also carefully consider the following risk factors, which reflect developments through the date of this filing:

**The Company may not be able to integrate Colomer into the Company's ongoing business operations, which may result in the Company's inability to fully realize the intended benefits of the Colomer Acquisition, or may disrupt our current operations, which could have an adverse effect on the Company's business, financial position and/or results of operations.**

The Company plans to integrate the operations of Colomer into the Company's business and expects to achieve approximately \$25 million of annualized cost synergies by the end of year two, at a cost of approximately \$40 million over the two-year period following the acquisition's October 9, 2013 closing. The process of integrating Colomer into the Company's business involves complex operational, technological and personnel-related challenges, which are time-consuming and expensive and may disrupt our ongoing core business operations and involves a number of integration risks, including, but not limited to:

- difficulties or complications in combining the companies' operations;

- differences in controls, procedures and policies, regulatory standards and business cultures among the combined companies;
- the diversion of management's attention from our ongoing core business operations;
- difficulties or delays in consolidating Colomer's information technology platforms, including implementing systems designed to continue to ensure that the Company maintains effective disclosure controls and procedures and internal control over financial reporting for the combined company and enable us to continue to comply with U.S. GAAP and applicable U.S. securities laws and regulations;
- possible disruptions that could result from efforts to consolidate the combined Company's manufacturing facilities or changes in the combined Company's supply chain;
- unanticipated costs and other assumed contingent liabilities; and/or
- possible tax costs or inefficiencies associated with integrating the operations of the combined company.

These factors could cause the Company to not fully realize the anticipated financial and/or strategic benefits of the Colomer Acquisition, which could have an adverse effect on the Company's business, financial condition and/or results of operations.

**Products Corporation's substantial indebtedness, including the additional Acquisition Term Loans which it used as a source of funds to consummate the Colomer Acquisition, could adversely affect the Company's operations and flexibility and Products Corporation's ability to service its debt.**

Products Corporation has a substantial amount of outstanding indebtedness. In connection with closing the Colomer Acquisition, Products Corporation incurred an additional \$700 million of Acquisition Term Loans under the Amended Term Loan Agreement. Accordingly, immediately following the Colomer Acquisition, the Company's total indebtedness was \$1,940.0 million, primarily including \$675.0 million aggregate principal amount outstanding under the 2011 Term Loan, \$500.0 million in aggregate principal face amount outstanding of Products Corporation's 5¾% Senior Notes, \$58.4 million under the Non-Contributed Loan and \$700.0 million of Acquisition Term Loans. Incurring the Acquisition Term Loans increased the Company's leverage and the ratio of the Company's net debt to earnings before interest, tax, depreciation and amortization. While Revlon, Inc. achieved net income of \$51.1 million and \$27.3 million for the year ended December 31, 2012 and the nine-month period ended September 30, 2013, respectively (which included non-cash benefits of \$15.8 million related to reductions of the Company's deferred tax valuation allowance at December 31, 2012), if the Company is unable to achieve sustained profitability and free cash flow in future periods, it could adversely affect the Company's operations and Products Corporation's ability to service its debt and/or comply with the financial and/or operating covenants under its various debt instruments.

The Company is subject to the risks normally associated with substantial indebtedness, including the risk that the Company's operating revenues will be insufficient to meet required payments of principal and interest, and the risk that Products Corporation will be unable to refinance existing indebtedness when it becomes due or, if it is unable to comply with the financial or operating covenants under its debt instruments, to obtain any necessary consents, waivers or amendments or that the terms of any such refinancing and/or consents, waivers or amendments will be less favorable than the current terms of such indebtedness. Products Corporation's substantial indebtedness could also have the effect of:

- limiting the Company's ability to fund (including by obtaining additional financing) the costs and expenses of the execution of the Company's business strategy, future working capital, capital expenditures, advertising, promotional or marketing expenses, new product development costs, purchases and reconfigurations of wall displays, acquisitions, acquisition integration costs, investments, restructuring programs and other general corporate requirements;
- requiring the Company to dedicate a substantial portion of its cash flow from operations to payments on Products Corporation's indebtedness, thereby reducing the availability of the Company's cash flow for the execution of the Company's business strategy and for other general corporate purposes;
- placing the Company at a competitive disadvantage compared to its competitors that have less debt;
- exposing the Company to potential events of default (if not cured or waived) under the financial and operating covenants contained in Products Corporation's debt instruments;
- limiting the Company's flexibility in responding to changes in its business and the industry in which it operates; and
- making the Company more vulnerable in the event of adverse economic conditions or a downturn in its business.

Although agreements governing Products Corporation's indebtedness, including the Amended Credit Agreements, the 5¾% Senior Notes Indenture and the Amended and Restated Senior Subordinated Term Loan Agreement, limit Products Corporation's ability to borrow additional money, under certain circumstances Products Corporation is allowed to borrow a significant amount of additional money, some of which, in certain circumstances and subject to certain limitations, could be secured indebtedness. To the extent that more debt is added to the Company's current debt levels, the risks described above would increase further.



**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

On October 4, 2013, MacAndrews & Forbes exercised its right under Revlon, Inc.'s Restated Certificate of Incorporation to voluntarily convert all of the 3,125,000 shares of Revlon, Inc. Class B Common Stock held in the name of REV Holdings LLC on a one-for-one basis to 3,125,000 shares of Revlon, Inc. Class A Common Stock. The shares of Revlon, Inc.'s Class A Common Stock issued in such conversion were not registered under the Securities Act of 1933, as amended (the "Securities Act"). As MacAndrews & Forbes is an accredited investor within the meaning of Rule 501 of Regulation D under the Securities Act, such shares were issued in reliance on exemptions from registration under Section 4(2) of the Securities Act and Rule 506 of Regulation D under the Securities Act. Appropriate restrictive legends were affixed to the certificate representing the shares of Class A Common Stock issued to REV Holdings LLC in such conversion. Revlon, Inc. did not receive any proceeds in connection with such conversion.

**Item 5. Other Information**

As previously disclosed on a Current Report on Form 8-K which the Company filed with the SEC on October 2, 2013, Alan Ennis, the Company's former President and Chief Executive Officer, left the Company effective October 1, 2013. In addition to those benefits provided for in his employment agreement, as part of his separation the Company agreed that Mr. Ennis will continue to remain eligible to receive payments in respect of the following long-term incentive compensation ("LTIP") awards: (i) the final installment of his 2011 LTIP award in the amount of \$392,000, payable in April 2014; (ii) the second and third installments of his 2012 LTIP award, each such installment in the amount of \$420,000, payable in April 2014 and March 2015, respectively; and (iii) one-third of his target Transitional LTIP award, pro-rated for his period of service during 2013 (or \$375,000 in total), payable in April 2014, subject to adjustment based upon the level of attainment of the applicable performance factors.

**Item 6. Exhibits**

- 2.1 Share Sale and Purchase Agreement, dated as of August 3, 2013, by and among Revlon Consumer Products Corporation (“Products Corporation”), Beauty Care Professional Products Participations, S.A., Romol Hair & Beauty Group, S.L., Norvo, S.L. and Staubinus España, S.L. (incorporated by reference to Exhibit 2.1 to Revlon, Inc.’s Current Report on Form 8-K filed with the SEC on August 5, 2013).
  
- 4.1 Amendment No. 2 to Term Loan Agreement, dated as of August 19, 2013, among Products Corporation, Citicorp USA, Inc., as Administrative Agent and Collateral Agent (each as defined therein), and the Lenders (as defined therein) (incorporated by reference to Exhibit 4.1 to Revlon Consumer Products Corporation’s Form 8-K filed with the SEC on August 19, 2013).
  
- 4.2 Incremental Amendment, dated as of August 19, 2013, among Products Corporation, Citicorp USA, Inc., as Administrative Agent and Collateral Agent (each as defined therein), and the Lenders (as defined therein) (incorporated by reference to Exhibit 4.2 to Revlon Consumer Products Corporation’s Form 8-K filed with the SEC on August 19, 2013).
  
- 4.3 Amendment No. 1 to Revolving Credit Agreement, dated as of August 14, 2013, among Products Corporation, the Local Borrowing Subsidiaries (as defined therein) from time to time party thereto, Citicorp USA, Inc., as Administrative Agent and Collateral Agent (as defined therein), and the Lenders and Issuing Lenders (each as defined therein) (incorporated by reference to Exhibit 4.1 to Revlon Consumer Products Corporation’s Form 8-K filed with the SEC on August 15, 2013).
  
- 4.4 Reaffirmation Agreement, dated as of August 19, 2013, among Products Corporation, Revlon, Inc., certain domestic subsidiaries of Products Corporation and Citicorp USA, Inc., as Collateral Agent (as defined therein) in connection with the Amended Term Loan (incorporated by reference to Exhibit 4.4 to Products Corporation’s Quarterly Report on Form 10-Q for the fiscal period ended September 30, 2013 filed with the SEC on October 24, 2013).
  
- 4.5 Reaffirmation Agreement, dated as of August 14, 2013, among Products Corporation, Revlon, Inc., certain domestic subsidiaries of Products Corporation and Citicorp USA, Inc., as Collateral Agent (as defined therein) in connection with the Amended Revolving Credit Agreement (incorporated by reference to Exhibit 4.5 to Products Corporation’s Quarterly Report on Form 10-Q for the fiscal period ended September 30, 2013 filed with the SEC on October 24, 2013).
  
- \*10.1 Employment Agreement, dated as of July 30, 2013, between Products Corporation and Lawrence Alletto.
  
- \*10.2 Letter Agreement and Release, dated as of October 1, 2013, between Products Corporation and Alan T. Ennis.
  
- \*31.1 Certification of David L. Kennedy, Interim Chief Executive Officer, dated October 24, 2013, pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act.
- \*31.2 Certification of Jessica T. Graziano, Principal Financial Officer, dated October 24, 2013, pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act.
  
- 32.1 Certification of David L. Kennedy, Interim Chief Executive Officer, dated October 24, 2013, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.  
(furnished herewith)
- 32.2 Certification of Jessica T. Graziano, Principal Financial Officer, dated October 24, 2013, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.  
(furnished herewith)
  
- \*101.INS XBRL Instance Document
- \*101.SCH XBRL Taxonomy Extension Schema
- \*101.CAL XBRL Taxonomy Extension Calculation Linkbase
- \*101.DEF XBRL Taxonomy Extension Definition Linkbase
- \*101.LAB XBRL Taxonomy Extension Label Linkbase
- \*101.PRE XBRL Taxonomy Extension Presentation Linkbase

\*Filed herewith.

**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: October 24, 2013

**REVLON, INC.**

Registrant

By: /s/ David L. Kennedy

\_\_\_\_\_  
David L. Kennedy  
Vice Chairman and  
Interim Chief Executive Officer

By: /s/ Jessica T. Graziano

\_\_\_\_\_  
Jessica T. Graziano  
Senior Vice President,  
Corporate Controller and  
Chief Accounting Officer

This **EMPLOYMENT AGREEMENT** (this "Agreement"), dated July 30, 2013, is entered into by and between REVLON CONSUMER PRODUCTS CORPORATION, a Delaware corporation ("RCPC" and, together with its parent Revlon, Inc. ("Revlon") and its subsidiaries, the "Company"), and Lawrence Alletto (the "Executive").

**WHEREAS**, RCPC wishes to employ the Executive and the Executive wishes to accept employment with the Company on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, RCPC and the Executive hereby agree as follows:

1. Employment, Duties and Acceptance.

1.1 Employment, Duties. RCPC hereby employs the Executive for the Term (as defined in Section 2.1) to render exclusive and full-time services to the Company in the capacity of Executive Vice President, Chief Financial Officer and effective the later of October 1, 2013 and your first day of employment, (upon the retirement of the current Chief Administrative Officer) Chief Administrative Officer of Revlon and RCPC, with responsibility for (A) all financial operations of the Company, including without limitation, treasury, controllers group, accounting, internal audit, internal control over financial reporting, investor relations and tax, (B) all global Human resources operations of the Company and (C) such other duties and responsibilities consistent with such position (including service as a director of the Company or director or officer of any subsidiary of the Company if so elected) as may be assigned to the Executive from time to time by the Company's President and Chief Executive Officer (the "CEO"). The Executive's title shall be Executive Vice President, Chief Financial Officer and Chief Administrative Officer of Revlon and RCPC, or such other title of at least equivalent level consistent with the Executive's duties from time to time as may be agreed by the Company and the Executive. The Executive shall be a member of the Operating Committee or such other committee of the Company's most senior executives as may succeed the Operating Committee from time to time and report to the CEO or his designee

1.2 Acceptance. The Executive hereby accepts such employment and agrees to render the services described above. During the Term, the Executive agrees to serve the Company faithfully and to devote the Executive's entire business time, energy and skill to such employment, and to use the Executive's best efforts, skill and ability to promote the Company's interests. Notwithstanding the foregoing, Executive may continue to manage his personal finances, engage in charitable activities and professional development activities and, with the prior approval of the Chief Executive Officer, serve on the Board of a public company provided none of the foregoing, individually or taken together, distract from or interfere with Executive's performance of his responsibilities under this Agreement.

1.3 Location. The duties to be performed by the Executive hereunder shall be performed primarily at the office of RCPC in the New York City metropolitan area, subject to reasonable travel requirements consistent with the nature of the Executive's duties from time to time on behalf of the Company.

1.4 Performance Warranty. As an inducement for the Company to enter into this Agreement, the Executive hereby represents that the Executive is not a party to any contract, agreement or understanding which prevents, prohibits or limits the Executive in any way from entering into and fully performing the Executive's obligations under this Agreement and any duties and responsibilities that may be assigned to the Executive hereunder. It is understood that Executive has customary confidentiality and non solicitation obligations as respects his prior employer.

2. Term of Employment; Certain Post-Term Benefits.

2.1 The Term. The Term of the Executive's employment under this Agreement (the "Term") shall commence on such date as the Company and Executive agree but in any event no later than October 31, 2013 (the actual commencement date of full-time employment hereunder is hereinafter referred to as the "Effective Date") and shall end twenty-four (24) months after RCPC provides to the Executive a notice of non-renewal, unless in either case sooner terminated pursuant to Section 4. During any period that the Executive's employment shall continue following the end of the Term, the Executive shall be deemed an employee at will, provided, however, that the Executive shall be eligible for severance on the terms and subject to the conditions of the Revlon Executive Severance Pay Plan as in effect from time to time, or such plan or plans, if any, as may succeed it (the "Executive Severance Plan"), provided that the severance and benefit continuation period for the Executive under the Executive Severance Plan shall be not less than 24 months, subject to the terms and conditions of such plan. The effectiveness of this Agreement, including the restricted stock award referred to in Section 3.3, is subject to the Executive commencing full-time employment with the Company hereunder on or before October 31, 2013. Additionally, pursuant to Section 4.6 Executive may terminate the Term at any time on 60 days prior written notice to the Company and such termination shall not be a breach of this agreement.

2.2 Special Curtailment. The term shall end earlier than the date provided in Section 2.1, if sooner terminated pursuant to Section 4.

3. Compensation; Benefits.

3.1 Salary. The Company agrees to pay the Executive during the Term a base salary, payable bi-weekly, at the annual rate of not less than \$765,000 (the "Base Salary"). All payments of Base Salary or other compensation hereunder shall be less such deductions or withholdings as are required by applicable law and regulations. The Executive will be considered for merit increases in connection with the Executive's performance evaluations, which are performed in accordance with the Company's salary administration policies and procedures (which generally occur annually). In the event that RCPC, in its sole discretion, from time to time determines to increase the Base Salary, such increased amount shall, from and after the effective date of the increase, constitute "Base Salary" for purposes of this Agreement and shall not thereafter be decreased.

3.2 Bonus. The Executive shall be eligible to participate in the Revlon Executive Bonus Plan as in effect from time to time, or such plan or plans, if any, as may succeed it (the "Bonus Plan"), with maximum bonus eligibility of 100% of Base Salary for significantly over-achieving performance objectives set by the Compensation Committee or its designee and

target bonus eligibility of 75% of Base Salary for achieving performance objectives set by the Compensation Committee or its designee, subject to the terms and conditions of such Bonus Plan provided, that, notwithstanding the terms of the Bonus Plan, the Company agrees that the Executive's 2013 bonus shall be not less than \$573,350 . In the event that the Executive's employment shall terminate pursuant to Section 4.4 during any calendar year, the Executive's bonus with respect to the year during which such termination occurs shall be prorated for the actual number of days of active employment during such year and such bonus as prorated shall be payable (i) if and to the extent bonuses are payable to executives under the Bonus Plan for that year based upon achievement of the objectives set for that year and not including any discretionary bonus amounts which may otherwise be payable to other executives despite non-achievement of bonus objectives for such year and (ii) on the date bonuses would otherwise be payable to executives under the Bonus Plan. Notwithstanding anything herein or contained in the Bonus Plan to the contrary, in the event that the Executive's employment shall terminate pursuant to Section 4.4 during any calendar year, the Executive shall be entitled to receive the Executive's bonus (if not already paid) with respect to the year immediately preceding the year of termination (if bonuses with respect to such year are payable to other executives based upon achievement of bonus objectives and not based upon discretionary amounts which may be paid to other executives despite non-achievement of bonus objectives) as and when such bonuses would otherwise be payable to executives under the Bonus Plan, despite the fact that Executive may not be actively employed on such date of payment.

3.3 Stock-Based Compensation. At the Compensation Committee's next regularly scheduled meeting, the Executive shall be recommended to the Compensation Committee to receive 120,000 shares of restricted Revlon Class A common stock with time based vesting (with one-third of such shares vesting on the first anniversary ; one-third of such shares vesting on the second anniversary; and one-third of such shares vesting on the third anniversary of the grant date pursuant to the terms of the Third Amended and Restated Revlon, Inc. Stock Plan (the "Stock Plan"). In the event the Executive is terminated other than for cause, or in the event Executive terminates the Term due to a material breach by the Company pursuant to Section 4.4, all unvested restricted stock will continue to vest in accordance with the regular vesting schedule.

3.4 Business Expenses. RCPC shall pay or reimburse the Executive for all reasonable expenses actually incurred or paid by the Executive during the Term in the performance of the Executive's services under this Agreement, subject to and in accordance with the Revlon Travel and Entertainment Policy as in effect from time to time, or such policy or policies, if any, as may succeed it.

3.5 Vacation. During each year of the Term, the Executive shall be entitled to a vacation period or periods in accordance with the vacation policy of the Company as in effect from time to time, but not less than four weeks; provided that the Executive shall be entitled to a pro rated vacation for 2013.

3.6 Fringe Benefits. During the Term, the Executive shall be entitled to participate in those qualified and non-qualified defined benefit, defined contribution, group life insurance, medical, dental, disability and other benefit plans and programs of the Company as from time to time in effect (or their successors) generally made available to other executives of the Executive's level and in such other plans and programs and in such perquisites, as from time to time

in effect, as may be generally made available to senior executives of the Company of the Executive's level generally. Further, during the Term, the Executive will be eligible (a) to participate in Revlon's Executive Financial Counseling and Tax Preparation Program, as from time to time in effect, or such program or programs, if any, as may succeed it, and (b) to receive a car allowance at the rate of \$15,000 per annum, under the car allowance program as in effect from time to time, or such program or programs, if any, as may succeed it.

3.7 Internal Revenue Code Section 409A. Section 409A of the Code (as defined below) and/or its related rules and regulations ("Section 409A"), imposes additional taxes and interest on compensation or benefits deferred under certain "nonqualified deferred compensation plans" (as defined under the Code). These plans may include, among others, nonqualified retirement plans, bonus plans, stock option plans, employment agreements and severance agreements. The Company reserves the right to provide compensation or benefits under any such plan in amounts, at times and in a manner that minimizes taxes, interest or penalties as a result of Section 409A, including any required withholdings, and the Executive agrees to cooperate with the Company in such actions. Specifically, and without limitation of the previous sentence, if the Executive is a "specified employee," as such term is defined under Section 409A (generally one of the Company's top 50 highest paid officers), to the extent required under Section 409A, the Company will not make any payments of non-qualified deferred compensation to the Executive under this Agreement upon a "separation from service," as such term is defined under Section 409A, until six months after the Executive's date of separation from service or, if earlier, the date of the Executive's death. Upon expiration of the six-month period, or, if earlier, the date of the Executive's death, the Company shall make a payment to the Executive (or his beneficiary or estate, if applicable) equal to the sum of all payments that would have been paid to the Executive from the date of separation from service had the Executive not been a "specified employee" through the end of the six month period, and thereafter the Company will make all the payments at the times specified in this Agreement or applicable policy, as the case may be. In addition, the Company and the Executive agree that, for purposes of this Agreement, termination of employment (or any variation thereof) will satisfy all of the requirements of "separation from service" as defined under Section 409A. For purposes of this Agreement, the right to a series of installment payments, such as salary continuation or severance payments, shall be treated as the right to a series of separate payments and shall not be treated as a right to a single payment. For purposes of this Agreement, the term "Code" shall mean the Internal Revenue Code of 1986, as amended, including all final regulations promulgated thereunder, and any reference to a particular section of the Code shall include any provision that modifies, replaces or supersedes such section.

3.8. Long term Incentive Compensation ("LTIP"): During Executive's period of employment with Revlon in this position, Executive shall be eligible to participate each year in the Company's LTIP Program, subject to Compensation Committee approval. Management will recommend that the Compensation Committee approve a 2013 LTIP grant in the amount of \$500,000, which shall not be pro-rated for 2013 and would be payable in March, 2016, to the extent the objectives under the LTIP Program (for 2013, 2014 and 2015) have been achieved (and otherwise subject to the terms of the LTIP Program and the Compensation Plan). In addition, management will recommend that the Compensation Committee approve two additional, one-time LTIP grants in the amount of \$500,000 each. The 2013 award of \$500,000 shall be payable in March 2014 regardless of the extent to which the objectives under the LTIP Program have been achieved for

2013. The 2013/2014 award would be payable in March 2015 to the extent the objectives under the LTIP Program for 2013 and 2014 have been achieved (with each award otherwise subject to the terms of the LTIP Program and the Compensation Plan).

#### 4. Termination.

4.1 Death. If the Executive shall die during the Term, the Term shall terminate and no further amounts or benefits shall be payable hereunder, other than (i) for accrued, but unpaid, Base Salary as of such date; (ii) pursuant to life insurance provided under Section 3.6 and (iii) to the extent expressly required pursuant to the terms of compensation and benefit plans and policies as in effect on the date of death.

4.2 Disability. If during the Term the Executive shall become physically or mentally disabled, whether totally or partially, such that the Executive has been unable to perform the Executive's services hereunder for (i) a period of six consecutive months or (ii) shorter periods aggregating six months during any twelve month period, RCPC may at any time after the last day of the six consecutive months of disability or the day on which the shorter periods of disability shall have equaled an aggregate of six months, by written notice to the Executive (but before the Executive has returned to active service following such disability), terminate the Term and no further amounts or benefits shall be payable hereunder other than (i) for accrued, but unpaid, Base Salary as of such date and (ii) to the extent required pursuant to the terms of compensation and benefit plans and policies as in effect on the date of termination.

4.3 Cause. RCPC may at any time by written notice to the Executive terminate the Term for "Cause" and, upon such termination, the Executive shall be entitled to receive no further amounts or benefits hereunder, except for accrued, but unpaid, salary as of such date and as required by law. As used herein the term "Cause" shall mean gross neglect by the Executive of the Executive's duties hereunder, conviction of the Executive of any felony, conviction of the Executive of any lesser crime or offense involving the property of the Company or any of its affiliates, misconduct by the Executive in connection with the performance of the Executive's duties hereunder or other material breach by the Executive of this Agreement (specifically including, without limitation, Section 1.4), any breach of the Revlon Code of Business Conduct, including, without limitation, the Code of Ethics for Senior Financial Officers, or the Employee's Agreement as to Confidentiality and Non-Competition, or any other conduct on the part of the Executive which would make the Executive's continued employment by the Company prejudicial in any material respect to the best interests of the Company. If and to the extent any occurrence of Cause is capable of cure in the good faith determination of the Company, the Company shall provide notice of same to the Executive, who shall then have ten days to cure such event of Cause to the satisfaction of the Company, it being acknowledged and agreed that the Company's good faith determination as to whether a Cause event is subject to cure shall be final and binding upon the parties.

4.4 Company Breach; Other Termination. The Executive shall be entitled to terminate the Term and the Executive's employment upon 30 days' prior written notice (if during such period RCPC fails to cure any such breach) in the event that RCPC materially breaches any of its obligations hereunder and Executive provides notice to RCPC within 90 days of such breach. In addition, RCPC shall be entitled to terminate the Term and the Executive's employment at any



time and without prior notice (otherwise than pursuant to the provisions of Section 4.2 or 4.3). In consideration of the Executive's covenant in Section 5.2, upon termination under this Section 4.4 by the Executive, or in the event RCPC so terminates the Term otherwise than pursuant to the provisions of Section 4.2 or 4.3, the Executive shall have no affirmative duty to seek other employment to mitigate the payments provided below and RCPC agrees, and the Company's sole obligation arising from such termination shall be, for RCPC either

(i) to make payments in lieu of Base Salary in the amounts prescribed by Section 3.1, to pay the Executive the portion, if any, of any annual bonus contemplated by Section 3.2 and to continue the Executive's participation in the medical, dental and group life insurance plans and other perquisites of the Company in which the Executive was entitled to participate pursuant to Section 3.6 (in each case less amounts required by law to be withheld) through the date on which the Term would have ended pursuant to Section 2.1, if RCPC had given notice of non-renewal on the date of termination (such period shall be referred to as the "Severance Period"), provided that (1) such benefit continuation is subject to the terms of such plans and Executive shall be required to pay the "Cobra rate" for relevant insurance coverage (and the Company shall reimburse the Executive each pay period for the difference between the Cobra rate and the active employee rate), (2) life insurance continuation is subject to a limit of two years, (3) the Executive shall cease to be covered by medical and/or dental plans of the Company at such time as the Executive becomes covered by like plans of another company, (4) any bonus payments required pursuant to this Section 4.4(i) shall be payable as and when bonuses would otherwise be payable to executives under the Bonus Plan as then in effect, (5) the Executive shall, as a condition, execute such release, confidentiality, non-competition and other covenants as would be required in order for the Executive to receive payments and benefits under the Executive Severance Plan that is applicable to the Executive referred to in clause (ii) below substantially in the form of Exhibit A to this Agreement, and (6) any cash compensation paid or payable or any non-cash compensation paid or payable in lieu of cash compensation earned by the Executive from other employment or consultancy during the period after the Severance Period that would have applied to the Executive under the Executive Severance Plan shall reduce the payments provided for herein payable with respect to such other employment or consultancy after the end of the Severance Period under the Executive Severance Plan based on the compensation paid or payable from such other employment or consultancy after the end of such Severance Period, or

(ii) to make the payments and provide the benefits prescribed by, and in accordance with the terms and conditions of, the Executive Severance Plan.

The Company shall provide the greater of the payments and other benefits described under clauses (i) and (ii) of this Section 4.4; provided, however, if the provision of any benefits described above would trigger a tax under Section 409A, the Company shall instead promptly pay to the Executive in a cash lump sum payment an amount equal to the value (based on the then-current cost to the Company) of such benefits. Any compensation earned by the Executive from other employment or a consultancy shall reduce the payments required pursuant to clause (i) above after the Severance Period that would have applied to the Executive under the Executive Severance Plan or shall be governed by the terms of the Executive Severance Plan in the case of clause (ii) above.

4.5 Litigation Expenses. If RCPC and the Executive become involved in any action, suit or proceeding relating to the alleged breach of this Agreement by RCPC or the Executive, or any dispute as to whether a termination of the Executive's employment is with or without Cause or as a result of a breach under Section 4.4, then if and to the extent that a final, non-appealable, judgment in such action, suit or proceeding is rendered in favor of the Executive, RCPC shall reimburse the Executive for all expenses (including reasonable attorneys' fees) incurred by the Executive in connection with such action, suit or proceeding or the portion thereof adjudicated in favor of the Executive.

4.6 Voluntary Resignation. The Executive may on 60 days written notice to the Company resign his employment and such resignation shall not constitute a breach of this Agreement. In the event of said resignation, the Term shall terminate and no further amounts or benefits shall be payable hereunder other than (i) for accrued, but unpaid, Base Salary as of such date and (ii) to the extent required pursuant to the terms of compensation and benefit plans and policies as in effect on the date of termination.

5. Protection of Confidential Information; Non-Competition.

5.1 The Executive acknowledges that the Executive's services will be unique, that they will involve the development of Company-subsidized relationships with key customers, suppliers, and service providers as well as with key Company employees and that the Executive's work for the Company will give the Executive access to highly confidential information not available to the public or competitors, including trade secrets and confidential marketing, sales, product development and other data and plans which it would be impracticable for the Company to effectively protect and preserve in the absence of this Section 5 and the disclosure or misappropriation of which could materially adversely affect the Company. Accordingly, the Executive agrees:

5.1.1 except in the course of performing the Executive's duties provided for in Section 1.1, not at any time, whether during or after the Executive's employment with the Company, to divulge to any other entity or person any confidential information acquired by the Executive concerning the Company's or its affiliates' financial affairs or business processes or methods or their research, development or marketing programs or plans, any other of its or their trade secrets, any information regarding personal matters of any directors, officers, employees or agents of the Company or its affiliates or their respective family members, or, except only to the extent required to enforce this Agreement in legal proceedings and then subject to the fullest extent possible to protective orders and other measures to maintain the confidentiality of such information, any information concerning the circumstances of the Executive's employment and any termination of the Executive's employment with the Company or any information regarding discussions related to any of the foregoing. The foregoing prohibitions shall include, without limitation, directly or indirectly publishing (or causing, participating in, assisting or providing any statement, opinion or information in connection with the publication of) any diary, memoir, letter, story, photograph, interview, article, essay, account or description (whether fictionalized or not) concerning any of the foregoing, publication being deemed to include any presentation or reproduction of any written, verbal or visual material in any communication medium, including any book, magazine, newspaper, theatrical production or movie, or television or radio programming or commercial or over the

internet. In the event that the Executive is requested or required to make disclosure of information subject to this Section 5.1.1 under any court order, subpoena or other judicial process, the Executive may comply but will before doing so promptly notify RCPC, take all reasonable steps requested by RCPC at RCPC's expense to defend against the compulsory disclosure and permit RCPC, at its expense, to control with counsel of its choice any proceeding relating to the compulsory disclosure. The Executive acknowledges that all information the disclosure of which is prohibited by this section is of a confidential and proprietary character and of great value to the Company.

5.1.2 to deliver promptly to the Company on termination of the Executive's employment with the Company, or at any time that RCPC may so request, all memoranda, notes, records, reports, manuals, drawings, blueprints and other documents (and all copies thereof) relating to the Company's business and all property associated therewith, which the Executive may then possess or have under the Executive's control, including, without limitation, computer disks or data (including data retained on any computer), and any home office equipment or computers purchased or provided by Revlon or other materials. Notwithstanding the foregoing, Executive may retain "address books" of personal and business contacts.

5.2 In consideration of RCPC's covenant in Section 4.4 and the continued vesting of stock based compensation under Section 3.3, the Executive agrees (i) in all respects fully to comply with the terms of the Employee Agreement as to Confidentiality and Non-Competition (the "Non-Competition Agreement"), whether or not the Executive is a signatory thereof, with the same effect as if the same were set forth herein in full, and (ii) in the event that the Executive shall terminate the Executive's employment otherwise than as provided in Section 4.4, the Executive shall comply with the restrictions set forth in paragraph 9(e) of the Non-Competition Agreement through the date on which the Term would then otherwise have expired pursuant to Section 2.1, subject only to the Company continuing to make payments equal to the Executive's Base Salary during such period, notwithstanding the limitation otherwise applicable under paragraph 9(d) thereof or any other provision of the Non-Competition Agreement.

5.3 If the Executive commits a breach of any of the provisions of Sections 5.1 or 5.2 hereof, which remain uncured RCPC shall have the following rights and remedies:

5.3.1 the right and remedy to immediately terminate all further payments and benefits provided for in this Agreement, except as may otherwise be required by law in the case of qualified benefit plans;

5.3.2 the right and remedy to have the provisions of this Agreement specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach will cause irreparable injury to the Company and that money damages and disgorgement of profits will not provide an adequate remedy to the Company, and, if the Executive attempts or threatens to commit a breach of any of the provisions of Sections 5.1 or 5.2, the right and remedy to be granted a preliminary and permanent injunction in any court having equity jurisdiction against the Executive committing the attempted or threatened breach (it being agreed that each of the rights and remedies enumerated above shall be independent of the others and shall be severally enforceable, and that all of such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to RCPC under law or in equity); and

5.3.3 the right and remedy to require the Executive to account for and pay over to the Company all compensation, profits, monies, accruals, increments or other benefits (collectively "Benefits") derived or received by the Executive as the result of any transactions constituting a breach of any of the provisions of Sections 5.1 or 5.2 hereof, and the Executive hereby agrees to account for and pay over such Benefits as directed by RCPC.

5.4 If any of the covenants contained in Sections 5.1, 5.2 or 5.3, or any part thereof, hereafter are construed to be invalid or unenforceable, the same shall not affect the remainder of the covenant or covenants, which shall be given full effect, without regard to the invalid portions.

5.5 If any of the covenants contained in Sections 5.1 or 5.2, or any part thereof, are held to be unenforceable because of the duration of such provision or the area covered thereby, the parties agree that the court making such determination shall have the power to reduce the duration and/or area of such provision so as to be enforceable to the maximum extent permitted by applicable law and, in its reduced form, said provision shall then be enforceable.

5.6 The parties hereto intend to and hereby confer jurisdiction to enforce the covenants contained in Sections 5.1, 5.2 and 5.3 upon the courts of any state or country within the geographical scope of such covenants. In the event that the courts of any one or more of such states or countries shall hold such covenants wholly unenforceable by reason of the breadth of such covenants or otherwise, it is the intention of the parties hereto that such determination not bar or in any way affect RCPC's right to the relief provided above in the courts of any other states or countries within the geographical scope of such covenants as to breaches of such covenants in such other respective jurisdictions, the above covenants as they relate to each state or country being for this purpose severable into diverse and independent covenants.

5.7 Any termination of the Term or the Executive's employment shall have no effect on the continuing operation of this Section 5.

## 6. Inventions and Patents.

6.1 The Executive agrees that all processes, technologies and inventions (collectively, "Inventions"), including new contributions, improvements, ideas and discoveries, whether patentable or not, conceived, developed, invented or made by the Executive during the Term shall belong to the Company, provided that such Inventions grew out of the Executive's work with the Company or any of its subsidiaries or affiliates, are related in any manner to the business (commercial or experimental) of the Company or any of its subsidiaries or affiliates or are conceived or made on the Company's time or with the use of the Company's facilities or materials. The Executive shall further: (a) promptly disclose such Inventions to the Company; (b) assign to the Company, without additional compensation, all patent and other rights to such Inventions for the United States and foreign countries; (c) sign all papers necessary to carry out the foregoing; and (d) give testimony in support of the Executive's inventorship.

6.2 If any Invention is described in a patent application or is disclosed to third parties, directly or indirectly, by the Executive within two years after the termination of the Executive's employment with the Company, it is to be presumed that the Invention was conceived or made during the Term.

6.3 The Executive agrees that the Executive will not assert any rights to any Invention as having been made or acquired by the Executive prior to the date of this Agreement, except for Inventions, if any, disclosed to the Company in writing prior to the date hereof.

7. Intellectual Property.

Notwithstanding and without limitation of Section 6, the Company shall be the sole owner of all the products and proceeds of the Executive's services hereunder, including, but not limited to, all materials, ideas, concepts, formats, suggestions, developments, arrangements, packages, programs and other intellectual properties that the Executive may acquire, obtain, develop or create in connection with or during the Term, free and clear of any claims by the Executive (or anyone claiming under the Executive) of any kind or character whatsoever (other than the Executive's right to receive payments hereunder). The Executive shall, at the request of RCPC, execute such assignments, certificates or other instruments as RCPC may from time to time deem necessary or desirable to evidence, establish, maintain, perfect, protect, enforce or defend its right, title or interest in or to any such properties.

8. Revlon Code of Business Conduct.

In consideration of RCPC's execution of this Agreement, the Executive agrees in all respects to fully comply with the then current most recently published or circulated terms of the Revlon Code of Business Conduct, a current copy of which is annexed at Schedule A, including, without limitation, the Code of Ethics for Senior Financial Officers, included as Section 16 of such Code, whether or not the Executive is a signatory thereof, with the same effect as if the same were set forth herein in full.

9. Indemnification.

Subject to the terms, conditions and limitations of its by-laws and applicable Delaware law, Revlon Inc. and RCPC will to the fullest extent permissible under such by-laws defend and indemnify the Executive against all costs, charges and expenses incurred or sustained by the Executive in connection with any action, suit or proceeding to which the Executive may be made a party, brought by any shareholder of the Company directly or derivatively or by any third party by reason of any act or omission of the Executive as an officer, director or employee of the Company or of any subsidiary or affiliate of the Company. Executive shall be covered by the Directors and Officers insurance coverage as is maintained by Revlon Inc. and RCPC for its directors and officers including, to the extent provided under such Directors and Officers Insurance, coverage for actions, suits or proceedings brought after he ceases employment with RCPC but relating to periods during Executive's employment with RCPC.

10. Notices.

All notices, requests, consents and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given if delivered personally, sent by overnight courier or mailed first class, postage prepaid, by registered or certified mail (notices mailed shall be deemed to have been given on the date mailed), provided that all notices to the Company shall be sent simultaneously by fax and email, as follows (or to such other address as either party shall designate by notice in writing to the other in accordance herewith):

If to the Company, to:

Revlon Consumer Products Corporation  
237 Park Avenue  
New York, New York 10017  
Attention: General Counsel

If to the Executive, to the Executive's principal residence as reflected in the records of the Company.

#### 11. General.

11.1 This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York applicable to agreements made between residents thereof and to be performed entirely in New York. Each party to this Agreement hereby waives the right to a jury trial in any lawsuit arising out of or relating to this Agreement or Executive's employment by or termination of employment with the Company.

11.2 The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

11.3 This Agreement sets forth the entire agreement and understanding of the parties relating to the subject matter hereof, and supersedes all prior agreements, arrangements and understandings, written or oral, relating to the subject matter hereof including any offer letter or term sheets. No representation, promise or inducement has been made by either party that is not embodied in this Agreement, and neither party shall be bound by or liable for any alleged representation, promise or inducement not so set forth.

11.4 This Agreement shall be binding upon the parties hereto and their successors and permitted assignees. This Agreement, and the Executive's rights and obligations hereunder, may not be assigned by the Executive, nor may the Executive pledge, encumber or anticipate any payments or benefits due hereunder, by operation of law or otherwise. RCPC may assign its rights, together with its obligations, hereunder (i) to any affiliate or (ii) to a third party in connection with any sale, transfer or other disposition of all or substantially all of any business to which the Executive's services are then principally devoted, provided that no assignment shall relieve RCPC from its obligations hereunder to the extent the same are not timely discharged by such assignee.

11.5 This Agreement may be amended, modified, superseded, canceled, renewed or extended and the terms or covenants hereof may be waived, only by a written instrument executed by both of the parties hereto, or in the case of a waiver, by the party waiving compliance. The failure of either party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by either party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such breach, or a waiver of the breach of any other term or covenant contained in this Agreement.

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

12. Subsidiaries and Affiliates. As used herein, the term "subsidiary" shall mean any corporation or other business entity controlled directly or indirectly by the corporation or other business entity in question, and the term "affiliate" shall mean and include any corporation or other business entity directly or indirectly controlling, controlled by or under common control with the corporation or other business entity in question.

13. Change of Control Payments and Benefits.

(a) Extension of Term. In the event of any Change of Control, as defined on Schedule B, the Term of the Executive's Agreement shall be automatically extended for 24 months from the effective date (the "COC Effective Date") of any such Change of Control (the "Extended Term").

(b) Benefit Continuation; Bonus and Salary Payment. If during the Extended Term, the Executive terminates the Term of his employment for "COC Good Reason" (as defined below in subclause (b)(iii)) or if the Company terminates the Term of the Executive's employment other than for "Cause" (as defined in Section 4.3 of the Agreement)—

(i) to the extent available under applicable law and the Company's group benefit programs, the Company shall provide, for a period of two years from such termination date, all fringe benefits then provided to the Executive, including, without limitation, qualified and non-qualified defined benefit, defined contribution, insurance, medical, dental, disability, automobile, financial planning, tax preparation and other benefit plans and programs of the Company as from time to time in effect (or their successors) in which the Executive participated on the COC Effective Date, provided that Executive shall be required to pay the "Cobra rate" for relevant insurance coverage (and the Company shall reimburse the Executive monthly an amount equal to the Cobra rate.). To the extent that such benefits are not or cease being available under applicable law or and the Company's group benefit programs, such benefits cease to be equivalent to, or better than, the benefits under the plans and programs in effect on the COC Effective Date, or such benefits would trigger a tax under Section 409A, the Company shall immediately pay to the Executive in a cash lump sum payment an amount equal to the value (based on the then current cost to the Company) of

such benefits (or the remaining eligible portion thereof, as the case may be) and shall have no further obligation to continue to provide the benefits under this Section;

(ii) the Company shall immediately pay to the Executive in a cash lump sum payment two times the sum of (A) the greater of the Executive's Base Salary in effect on (1) the COC Effective Date or (2) such termination date plus (B) the average amount of the gross bonus amounts earned by the Executive over the five calendar years preceding such termination (or if employed by the Company for less than five calendar years, the actual number of calendar years for which the Executive was eligible to receive a bonus payment). Notwithstanding the foregoing, if the Change of Control is not an event that is recognized under Treasury regulation 1.409A-3(i)(5), the two times Base Salary amount in (A) above shall not be paid in a lump sum but shall be paid in equal installments at the same intervals that payments would be made under Section 4.4 hereof over the two year period (but in all events for the full two year period and with no offsets).

(iii) "COC Good Reason" means, for purposes of this subclause (b) only (and not for any other purpose or reason under this Agreement): (A) a material adverse change in the Executive's job responsibilities; (B) any reduction in the Executive's Base Salary; (C) any reduction in the Executive's annual bonus opportunity; (D) any reduction in the Executive's aggregate value of benefits; or (E) the Executive's being required by the Company to relocate beyond a 50 mile radius of the Executive's then current residence.

(iv) The Executive shall have no duty to mitigate by seeking other employment or otherwise and no compensation earned by the Executive from other employment, a consultancy or otherwise shall reduce any payments provided for under this Section 13.1.

(c) Equity Compensation; Long Term Incentive Compensation In the event of any Change of Control (A) all then unvested restricted shares held by the Executive shall immediately vest and be fully exercisable and all restrictions shall lapse; (B) all unpaid Long Term Incentive Compensation shall be treated in accordance with the provision of the Long Term Incentive Compensation Plan.

(d) Governing Provision. In the event of any conflict between this Section 13 and any other section or provision of this Agreement, the section which provides the Executive with most favored treatment in the event of a Change of Control shall govern and prevail.

(e) Termination after the Extended Term. In the event the Executive remains employed after the Extended Term, the provisions of this Agreement, including those as to termination of employment but other than Article 13, shall apply.

#### 13.2 Section 280G.

(a) If the aggregate of all amounts and benefits due to the Executive under this Agreement or any other plan, program, agreement or arrangement of the Company or any of its Affiliates, which, if received by the Executive in full, would constitute "parachute payments" as such term is defined in and under Section 280G of the Code (collectively, "Change of Control



Benefits”), reduced by all Federal, state and local taxes applicable thereto, including the excise tax imposed pursuant to Section 4999 of the Code, is less than the amount the Executive would receive, after all such applicable taxes, if the Executive received aggregate Change of Control Benefits equal to an amount which is \$1.00 less than three times the Executive's “base amount,” as defined in and determined under Section 280G of the Code, then such Change of Control Benefits shall be reduced or eliminated to the extent necessary so that the Change of Control Benefits received by the Executive will not constitute parachute payments. If a reduction in the Change of Control Benefits is necessary, reduction shall occur in the following order unless the Executive elects in writing a different order, subject to the Company’s consent (which consent shall not be unreasonably withheld): first, a reduction of cash payments not attributable to equity awards which vest on an accelerated basis; second, the cancellation of accelerated vesting of stock awards; third, the reduction of employee benefits; and fourth, a reduction in any other “parachute payments.” If acceleration of vesting of stock award compensation is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of the Executive's stock awards unless the Executive elects in writing a different order for cancellation.

(b) It is possible that after the determinations and selections made pursuant to Section 13.2(a) above the Executive will receive Change of Control Benefits that are, in the aggregate, either more or less than the amounts contemplated by Section 13.2(a) above (hereafter referred to as an “Excess Payment” or “Underpayment”, respectively). If there is an Excess Payment, the Executive shall promptly repay the Company an amount consistent with this Section 13.2. If there is an Underpayment, the Company shall pay the Executive an amount consistent with this Section 13.2.

(c) The determinations with respect to this Section 13.2 shall be made by an independent auditor (the “Auditor”) compensated by the Company. The Auditor shall be the Company’s regular independent auditor, unless the Executive objects to the use of that firm, in which event the Auditor shall be a nationally-recognized United States public accounting firm chosen by the Company and approved by the Executive (which approval shall not be unreasonably withheld or delayed).

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

**REVLON CONSUMER PRODUCTS CORPORATION**

By /s/ Robert K. Kretzman  
Robert K. Kretzman  
Executive Vice President, Chief Administrative Officer

/s/ Lawrence Alletto  
Lawrence Alletto

By signing below Revlon, Inc. hereby agrees to the provisions of Section 9.

/s/ Robert K. Kretzman

**SCHEDULE A**

**REVLON CODE OF BUSINESS CONDUCT**

**SCHEDULE B**

A "Change of Control" shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(i) any Person, other than one or more Permitted Holders, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that for purposes of this definition a Person will be deemed to have "beneficial ownership" of all shares that any such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company; provided that under such circumstances the Permitted Holders do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors of the Company (for the purposes of this clause (i) and clause (iii), such other Person will be deemed to beneficially own any Voting Stock of a specified corporation held by a parent corporation, if such other Person beneficially owns, directly or indirectly, more than 50% of the voting power of the Voting Stock of such parent corporation and the Permitted Holders do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors of such parent corporation);

(ii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Company was approved by a vote of 66-2/3% of the directors of the Company then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Company then in office;

(iii) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets to an entity in which any Person, other than one or more Permitted Holders is or becomes the Beneficial Owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that for purposes of this definition a Person will be deemed to have "beneficial ownership" of all shares that any Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of securities of such entity representing 50% or more of the combined voting power of such entity's Voting Stock, and the Permitted Holders "beneficially own" (as so defined) directly or indirectly, in the aggregate a lesser percentage of the total voting power of the Voting Stock of such entity than such other Person and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors of such entity; or

(iv) a "Change of Control" shall have occurred under, and as defined in, the indenture governing Revlon Consumer Products Corporation's 8 5/8% Senior Subordinated Notes Due 2008 or any other Subordinated Obligations of Revlon Consumer Products Corporation

so long as such 8 5/8% Senior Subordinated Notes Due 2008 or Subordinated Obligations are outstanding.

Notwithstanding the foregoing, a "Change of Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same combined voting power of the Voting Stock in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

"Capital Stock" of any Person shall mean any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into or exchangeable for such equity.

"Company" means Revlon, Inc. together with its subsidiaries, including, without limitation, Revlon Consumer Products Corporation.

"8 5/8% Senior Subordinated Notes Due 2008" means Revlon Consumer Products Corporation's 8 5/8% Senior Subordinated Notes due 2008 and any notes exchanged therefore.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Permitted Holders" means Ronald O. Perelman (or in the event of his incompetence or death, his estate, heirs, executor, administrator, committee or other personal representative (collectively, "heirs")) or any Person controlled, directly or indirectly, by Ronald O. Perelman or his heirs.

"Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

"Preferred Stock," as applied to the Capital Stock of the Company, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of the Company, over shares of Capital Stock of any other class of the Company.

"Subordinated Obligations" has the meaning ascribed thereto in the indenture for Revlon Consumer Products Corporation's 9½% Senior Notes due 2011.

"Voting Stock" means all classes of Capital Stock of the Company then outstanding and normally entitled to vote in the election of Directors.

As of October 1, 2013

Alan Ennis  
5 Swans Mill Lane  
Scotch Plains, NJ 07076

Dear Alan:

This letter agreement and release (the "Agreement") confirms the agreement entered into between you and the Company regarding the termination of your employment with the Company, including resignation of your positions as officer and/or director of the Company and all its subsidiaries, effective October 1, 2013 (the "Termination Date"), and explains the package of separation pay and benefits that has been specially developed for you in full bargained for release and settlement of any and all claims that you have presently, may have or have had in the past arising from your employment with and termination of your employment from the Company up to and including the Effective Date of this Agreement. Further, it is understood that this Agreement, with its package of separation pay and benefits, is offered at the sole discretion of the Company and requires that you fulfill your obligations in a professional manner as required by the Company. For purposes of this Agreement, the term the "Company" includes Revlon Consumer Products Corporation and any of its past, present or future parent and subsidiary corporations, affiliates, divisions, successors and assigns (whether or not incorporated). It is understood that you and the Company are entering into this Agreement knowingly and voluntarily, for the good and sufficient mutual consideration set forth herein.

1. CONSIDERATION IN SETTLEMENT. Accordingly, if you execute (and do not revoke) this Agreement and fully comply with its terms and conditions:

a) SEVERANCE PAY. You will receive severance pay, less applicable withholdings and deductions, for a total of 24 months (the "Severance Period"), commencing on October 2, 2013 and terminating on October 1, 2015. Your severance pay will be at your base rate of pay in effect on your Termination Date (which was \$930,589 per annum) and will be payable bi-weekly starting on the Termination Date. During the Severance Period, your severance payments will not be reduced by any cash compensation paid or payable or any non-cash compensation paid or payable in lieu of cash compensation earned by you from other employment or consultancy during the first 16 months of the Severance Period and will be reduced by any such cash compensation or non-cash compensation during the final 8 months of the Severance Period. Notwithstanding the above, due to your role and responsibilities with the Company, you may be restricted from undertaking employment with a competitor of the Company under the terms of the Employee Agreement as to Confidentiality and Non-Competition and you must immediately advise the Company if you are considering undertaking such employment (see also Section 15, below).

b) CONTINUATION OF MEDICAL, DENTAL AND/OR VISION INSURANCE, FLEXIBLE SPENDING ACCOUNT AND OTHER BENEFITS.

i) If you, your spouse and your covered dependants participated in the Medical, Dental and Vision Care programs (the "Benefit Programs") as of the Termination Date, you, your spouse and your covered dependants will be permitted to continue such participation in the Benefits Programs as provided by federal law ("COBRA") for the Severance Period by continuing to pay premiums to the Company at the contribution level in effect for active employees until the earliest to occur of (1) the end of the Severance Period or (2) when you become covered by medical, dental and/or vision plans of another employer (you may be asked to submit evidence of non-coverage as the Company may request from time to time).

ii) If you are currently contributing to a Health Care Flexible Spending Account ("HCFSA"), you will be permitted to continue making contributions after your Termination Date only if you elect continuation of HCFSA under COBRA on an after-tax basis until December 31, 2013, subject to the terms and conditions of the HCFSA program. If you are currently contributing to a Dependent Care Flexible Spending Account ("DCFSA"), you will be permitted to continue such contributions after your Termination Date until the earlier to occur of the last day of the Severance Period or December 31, 2013, subject to the terms and conditions of the DCFSA program. You will be eligible to receive reimbursement for any eligible expenses incurred through your last day of HCFSA and DCFSA participation, subject to your filing of claims within the time requirements of the programs.

iii) Long-term disability insurance will cease on your Termination Date. You may be eligible to convert this coverage to an individual policy within 31 days of your Termination Date.

iv) Your coverage under the Employee Assistance Program will cease upon your Termination Date. You may continue the coverage at COBRA rates by enrolling under COBRA.

c) CONTINUATION OF LIFE / AD&D INSURANCE. Your Basic Life Insurance coverage under the Revlon Life Insurance Program (the "Insurance Program") will be continued at no cost to you during the Severance Period. In addition, you can continue any Supplemental Life, Accidental Death and Dismemberment, Dependent Life and/or Dependent Accidental Death and Dismemberment insurance coverage previously elected by you under the Insurance Program at your expense during the Severance Period. After the expiration of the Severance Period, you will be advised of any options you may have to convert the insurance coverages described above to an individual policy, subject to any underwriting requirements, at your own expense, and information regarding such conversion options will be provided to you at that time.

d) CONTINUATION OF OTHER FRINGE BENEFITS. You will continue to be eligible to participate in Revlon's Executive Financial Counseling and Tax Preparation Program, as from time to time in effect, or such program or programs, if any as may succeed it, and to receive a car allowance at the rate of \$15,000 per annum, under the car allowance program as in effect from time to time, or such program or programs, if any, as may succeed it, at no cost to you during the Severance Period.

e) 2013 BONUS PLAN. You will be eligible for payment of any incentive bonus at target (100% of base salary) subject to adjustment for actual funding of the Bonus Plan for 2013 as established by the Compensation Committee with respect to your service with the Company in 2013 payable on or prior to March 15, 2014. Your bonus with respect to 2013 shall be prorated

for the actual number of days of active employment during 2013 (such proration shall be 75%) and shall be payable (i) if and to the extent bonuses are payable to executives under the Bonus Plan for 2013 upon achievement of the objectives set for that year and not including any discretionary bonus amounts which may otherwise be payable to other executives despite non-achievement of bonus objectives for 2013 and (ii) on the date bonuses would otherwise be payable to executives under the Bonus Plan, but in no event later than March 15, 2014.

f) LONG TERM INCENTIVE PLAN (“LTIP”). The following LTIP grants which would otherwise be forfeited since you will not remain employed through the payment date will be paid to you on the regular payment date. The actual amount payable in respect of the 2013 Transitional LTIP listed below is subject to achievement of objectives set for the 2013 performance periods and otherwise subject to the terms of the Plan.

- i) Grants payable on or prior to March 15, 2014:
  - (1) 2011 LTIP, 3<sup>rd</sup> Payment: \$392,000
  - (2) 2012 LTIP, 2<sup>nd</sup> Payment: \$420,000
  - (3) 2013 Transitional LTIP, 1<sup>st</sup> Payment: \$500,000 at target (subject to adjustment based on actual performance for 2013, and pro rated (such proration shall be 75%) for the period of employment during 2013)
- ii) Grants payable in March, 2015:
  - (1) 2012 LTIP, 3<sup>rd</sup> Payment: \$420,000

g) OUTPLACEMENT. You will be eligible to receive outplacement and career transition services provided by the Ayers Group as determined by the Company and at the Company's expense. There will be no pay in lieu of outplacement.

h) NON-QUALIFIED EXCESS SAVINGS PLAN AND PENSION EQUALIZATION PLAN (“PEP”) PAYMENTS. You will receive payment of your account balance in the Excess Savings Plan on or about April 1, 2014 (as of October 10, 2013 that amount was approximately \$184,029 which will vary upon investment returns through the payment date). Additionally, you will receive a payment of your account balance under the PEP of approximately \$85,429 on or about April 1, 2014 (which will vary based upon interest rates pursuant to the PEP).

1. VACATION. As a result of the Company's standard payroll processing you have been paid for the full week of September 30, 2013, which results in your receiving 4 days of extra pay given your Termination Date of October 1, 2013. As a result you will receive a check for 6 instead of 10 remaining 2013 vacation days, less applicable withholdings and deductions, upon termination of your employment with the Company.

2. INTERNAL REVENUE CODE SECTION 409A. Section 409A imposes additional taxes and interest on compensation or benefits deferred under certain "nonqualified deferred compensation plans" (as defined under the Code). These plans may include, among others, nonqualified retirement plans, bonus plans, stock option plans, employment agreements and severance agreements. The Company reserves the right to provide compensation or benefits under any such plan, including this Agreement, in amounts, at times and in a manner that minimizes taxes,



interest or penalties as a result of Section 409A, including any required withholdings, and you agree to cooperate with the Company in such actions. Because you are a "specified employee," as such term is defined under Section 409A (generally one of the Company's top 50 highest paid officers), to the extent required under Section 409A, the Company will not make any payments to you under this Agreement or applicable plan, as the case may be, including without limitation the Pension Equalization Plan, upon a "separation of service," as such term is defined under Section 409A, until six (6) months after your date of separation from service or, if earlier, the date of your death. Upon expiration of the six-month period, or, if earlier, the date of your death, the Company shall make a payment to you (or your beneficiary or estate, if applicable) equal to the sum of all payments that would have been paid to you from the date of separation from service through the end of the six (6) month period had you not been a "specified employee", and thereafter the Company will make all the payments at the times specified in this Agreement or applicable plan, as the case may be. In addition, the Company and you agree that, for purposes of this Agreement, termination of employment (or any variation thereof) will satisfy all of the requirements of "separation from service" as defined under Section 409A. For purposes of this Agreement, the right to a series of installment payments, such as salary continuation or severance payments, shall be treated as the right to a series of separate payments and shall not be treated as a right to a single payment. For purposes of this Agreement, the term "Code" shall mean the Internal Revenue Code of 1986, as amended, including all final regulations promulgated thereunder, and any reference to a particular section of the Code shall include any provision that modifies, replaces or supersedes such section. For the avoidance of doubt, the Company shall provide you with payments attributable to Severance Pay, Benefit Programs, Insurance Program, Fringe Benefit Programs and Bonus referred to above, respectively, in Sections 1.a., 1.b., 1.c., 1.d. and 1.e., immediately from and after the Effective Date through April 1, 2014 if and to the extent the taxable amounts of any such payments that do not qualify for as a "short-term deferral" within the meaning of Tres. Reg. Section 1.409A-1(b)(4) do not exceed \$510,000. Also, the Company shall provide you with Outplacement referred to above in Section 1.g. during the Severance Period. Additionally, the Company shall provide you the three LTIP grant payments referred to above in Section 1.f.i as soon as administratively practical after April 1, 2014, but in no event later than April 15, 2014. The Company shall pay your Excess Savings Plan and PEP account balances in accordance with the terms of those plans.

3. **EMPLOYEE ACKNOWLEDGMENTS.** You acknowledge and agree that (i) you have not filed, caused to be filed, or presently are a party to any claim against Releasees (defined in Section 6 below); (ii) you have been paid and/or have received all compensation, wages, bonuses, and/or commissions to which you may be entitled and, if applicable, have reported all hours worked for the Company; (iii) you have been granted any leave to which you were entitled under the Family and Medical Leave Act and/or related state or local leave or disability accommodation laws; (iv) you have no known workplace injuries or occupational diseases; (v) all of the Company's decisions regarding your pay and benefits through the Termination Date were not discriminatory based on age, disability, race, color, sex, religion, national origin or any other classification protected by law; (vi) the Company has completely and satisfactorily responded to, investigated and concluded any internal complaints (e.g., any breach of contract, diversion, antitrust or fraud, discrimination or retaliation matters or claims), allegations, matters and issues, if any, you may have ever raised; (vii) you have no outstanding internal allegations, matters and issues that you have not brought to the Company's attention; and (viii) you have not been retaliated against for reporting any allegations of wrongdoing by any Releasees, including but not limited to the Company and its officers, including

but not limited to any allegations of corporate fraud; further, both parties acknowledge that this Agreement and General Release does not limit either party's right, where applicable, to file or participate in an investigative proceeding of any federal, state or local governmental agency; further, to the extent permitted by law, you agree that if such an administrative claim is made, you shall not be entitled to recover any individual monetary relief or other individual remedies.

4. EMPLOYMENT VERIFICATION. You and the Company agree that any inquiries received by the Company regarding your employment with the Company and the cessation thereof will be referred to and handled by the Executive Vice President and Chief Administrative Officer. You agree to refer all inquiries from prospective employers to the Executive Vice President and Chief Administrative Officer and not to any other individual employed by or affiliated with the Company. Notwithstanding the foregoing, you may (but only after the Effective Date as defined in Section 13, below) seek recommendations from individual members of the Company's Board of Directors and the Company's executive officers (acting in their personal capacity and not on behalf of the Company, provided that you expressly state in your request for any such recommendation that you are seeking it from them in their personal capacity and not on behalf of the Company), who nevertheless shall have no obligation to provide any reference.

5. GENERAL RELEASE. In exchange for the consideration provided to you under this Agreement, you agree to release and hold harmless (on behalf of yourself and your family, heirs, executors, administrators, successors and assigns) now and forever, the Company, including any of its past, present or future employees, agents, assigns, officers, directors and shareholders whether acting in their individual or representative capacity (collectively with the Company, the "Releasees") from and waive any claim in any legal jurisdiction that you have presently, may have or have had in the past, known or unknown, against the Releasees upon or by reason of any matter, cause or thing whatsoever, from the beginning of the world to the date of this release, including, without limitation, all claims arising from your employment with, or termination of employment from, the Releasees, or otherwise. Notwithstanding the prior sentence, it is understood and agreed that the only rights or claims that you are not releasing and waiving are (i) your rights to receive the compensation and benefits provided to you under this Agreement; (ii) any rights you may have to the payment of vested benefits (if any) under the terms of the Company's qualified retirement plans (the Revlon Employees' Retirement Plan and the Revlon Employees' Savings, Investment and Profit Sharing Plan), as amended from time to time; and (iii) the rights to indemnification as provided in Section 23, below.

6. EXTENT OF RELEASE. Without limiting the generality of the preceding "GENERAL RELEASE" Section, this Agreement is intended to and shall release the Releasees from any and all claims or rights arising under any federal, state or local statute (including, without limitation, Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act of 1967, as amended, the Equal Pay Act, as amended, the Americans with Disabilities Act of 1990, as amended, the Family and Medical Leave Act, as amended, the Employee Retirement Income Security Act of 1974, as amended, the Workers Adjustment and Retraining Act, the New York State Human Rights Law, as amended, the New York City Administrative Code, the New York Minimum Wage Law, the Equal Pay Law of New York and all other statutes regulating the terms and conditions of your employment, including, but not limited to those applicable laws set forth in **Exhibit I** to this Agreement), regulation or ordinance, under the common law or in equity (including any claims

for wrongful discharge, discrimination, retaliation, whistleblower claims or otherwise), or under any policy, agreement, understanding or promise, written or oral, express or implied, formal or informal, between the Company and you, including, without limitation, any claim you might have for severance, termination or severance pay in any legal jurisdiction, or pursuant to the Revlon Executive Severance Pay Guidelines or practices as from time to time in effect, or otherwise.

8. RIGHT TO COUNSEL. The Company hereby advises you that you should consult with an attorney prior to execution of this Agreement. You acknowledge that you understand it is in your best interest to have this document reviewed by an attorney of your own choosing and at your own expense, and you hereby acknowledge that you have been afforded a period of at least twenty-one (21) days during which to consider this Agreement and to have it reviewed by your attorney.

9. FREE WILL. You are entering into this Agreement of your own free will and without coercion, intimidation or threat of retaliation. You acknowledge and agree that the Company has not exerted any undue pressure or influence on you in this regard. You acknowledge that you have had reasonable time to determine whether entering into this Agreement is in your best interest and you have read and fully understand the terms set forth in this Agreement.

10. CONSIDERATION. The consideration described in Section 1 provided to you under this Agreement is not required under the Company's policies or otherwise and you acknowledge that you know of no circumstances other than you agreeing to the terms of this Agreement which would require the Company to provide such consideration. You acknowledge that no representations of any kind or character have been made by the Company to induce your execution of this Agreement and that the only representations made to you in order to obtain your consent to this Agreement are as stated herein.

11. RESTRICTIONS. You agree, to the fullest extent permitted by law, that you will not initiate or cause to be initiated on your behalf, any lawsuit or other legal action against the Company relating to your employment or the termination thereof. You further represent and warrant that neither you, nor any person, organization or entity acting on your behalf, has filed or initiated any complaint, charge, claim or proceeding against the Company before any local, state or federal agency, court or other body relating to your employment or the termination thereof (each individually a "Proceeding"). To the fullest extent permitted by law, you waive any right you may have to benefit in any manner from any relief (whether monetary, equitable or otherwise) arising out of any past, present or future Proceeding, including any Proceeding conducted by the Equal Employment Opportunity Commission ("EEOC"). You understand that by entering into this Agreement, you will be limiting the availability of certain remedies that you may have against the Company and limiting also your ability to pursue certain claims against the Company. You further agree, to the extent permitted by law, not to instigate, encourage, or voluntarily assist or participate in an action or proceeding commenced by anyone else against the Company.

12. TRANSITION AND COOPERATION. As a material part of the consideration for this Agreement, you agree to fulfill your transition obligations as determined by the Company and to do so in a professional manner, and you hereby resign from all of your positions as an officer or director of the Company and all of its subsidiaries as set forth in the list attached as **Exhibit II**.  
As

of the Termination Date, there have been no requests for transition assistance. Additionally, upon request, you agree to give your assistance and cooperation willingly in any matter relating to your expertise or experience as the Company may reasonably request, including your attendance and truthful testimony where deemed appropriate by the Company, with respect to any investigation or the Company's defense or prosecution of any existing or future claims or litigations relating to matters in which you were involved or potentially have knowledge by virtue of your employment with the Company. Such assistance and cooperation shall be provided by you without fee or charge, other than reasonable travel expenses and disbursements. Assistance shall be given during regular business hours at locations and times mutually agreed upon by you and the Company, with due regard to your availability given your then applicable employment, except with respect to mandated court appearances for which you will make yourself available upon reasonable notice.

13. REVOCATION AND EFFECTIVE DATE. This Agreement may be revoked by you within the seven (7) days after the date on which you sign this Agreement and you understand that this Agreement and your eligibility to receive any compensation and/or benefits under the Agreement shall not become binding or enforceable until this seven (7) day period has expired without you having so revoked. This Agreement shall become effective on the eighth (8th) day following your signing of this Agreement provided that you have not revoked the Agreement. Any such revocation must be made in a signed letter executed by you stating specifically that you are revoking your acceptance of this Agreement and personally delivered or postmarked within seven (7) days after you have executed this Agreement to the Company c/o Executive Vice President and Chief Administrative Officer, Revlon Consumer Products Corporation, 237 Park Avenue, New York, New York 10017. You understand that if you revoke this Agreement, this Agreement and your eligibility to receive the consideration described in Section 1 will not be effective or enforceable and you will not be entitled to any payments and benefits thereunder. You understand and agree that you would not receive the payments and benefits set forth in this Agreement, except for your execution of this Agreement and the fulfillment of your promises set forth herein. The terms of this Agreement are not final and authorized until this Agreement is executed by a Company officer or any other authorized executive of the Company with appropriate authority (the "Effective Date"). Until such execution by a Company officer, the Agreement shall be considered to be a draft for discussion purposes.

14. NOTICE. Any notice to be given under this Agreement shall be given in writing and delivered either personally or sent by certified mail to the Company c/o Executive Vice President and Chief Administrative Officer at 237 Park Avenue, New York, New York 10017 and to you at your address in the Company's records.

15. CONFIDENTIALITY / NON-COMPETITION.

a) You agree to comply with and perform each and every covenant and undertaking set forth in the Company's Employee Agreement as to Confidentiality and Non-Competition (the "Non-Competition Agreement," a copy of which is attached hereto as **Exhibit III** for your records), as if the same were fully set forth herein, and which is incorporated herein by this reference, regardless of whether or not you previously signed the Non-Competition Agreement. You further (i) affirm you have not divulged any proprietary or confidential information of the Company and will continue to maintain the confidentiality of such information consistent with the Company's policies, the Non-Competition Agreement and/or common law, (ii) agree that by signing this

Agreement, you will be deemed to have signed and agreed to the Non-Competition Agreement and (iii) agree that payment of the consideration described in Section 1 is conditioned upon your complying with the Non-Competition Agreement.

b) In addition to any agreement related to trade secrets, confidential information and/or work products agreements previously executed by you, (including, without limitation, the Non-Competition Agreement), you agree that you will not at any time divulge to any other entity or person any confidential information acquired by you concerning the Company's or its affiliates' financial affairs or business processes or methods or their research, development or marketing programs or plans, any other of its or their trade secrets, any information regarding personal matters of any directors, officers, employees or agents of the Company or their respective family members, any information concerning this Agreement or the terms thereof, or any information concerning the circumstances of your employment with and the termination of your employment from the Company, or any information regarding discussions related to any of the foregoing or make, write, publish, produce or in any way participate in placing into the public domain any statement, opinion or information with respect to any of the foregoing or which reflects adversely upon or would reasonably impair the reputation or best interests of the Company or any of its directors, officers, employees or agents or their respective family members, except in each case (i) information which is required to be disclosed by court order, subpoena or other judicial process, (ii) information regarding your job responsibilities during your employment with the Company to prospective employers in connection with an application for employment, (iii) information regarding the financial terms of this Agreement to your spouse or your tax advisor for purposes of obtaining tax advice provided that such persons are made aware of and agrees to comply with the confidentiality obligation, or (iv) information which is necessary to be disclosed to your attorney to determine whether you should enter into this Agreement. The foregoing prohibitions shall include, without limitation, directly or indirectly publishing (or causing, participating in, assisting or providing any statement, opinion or information in connection with the publication of) any diary, memoir, letter, story, photograph, interview, article, essay, account or description (whether fictionalized or not) concerning any of the foregoing, publication being deemed to include any presentation or reproduction of any written, verbal or visual material in any communication medium, including any book, magazine, newspaper, internet publication or discussion group, theatrical production or movie, or television or radio programming or commercial. In the event that you are required to make disclosure under any court order, subpoena or other judicial process which in any way relates to your employment with the Company, you will promptly notify the Company, take all steps requested by the Company to defend against the compulsory disclosure and permit the Company to participate with counsel of its choice in any proceeding relating to the compulsory disclosure.

c) You acknowledge that all information the disclosure of which is prohibited by this Section is of a confidential and proprietary character and of great value to the Company and that a breach of this Section will constitute a material breach of this Agreement, which will cause the Company to suffer immediate, substantial and irreparable injury. Accordingly, in the event any breach or threatened breach of this Agreement, the Company shall be entitled to the following forms of relief: (i) temporary, preliminary and permanent injunctions; (ii) its reasonable attorneys fees and costs incurred in enforcing the provisions in this agreement and the annexed Non-Competition Agreement (provided a court of competent jurisdiction determines that the threat of breach is credible); and (iii) in addition to any and all other remedies available to the Company at law or in

equity for any violation of this Section, you agree to immediately remit and disgorge to the Company any and all payments paid or payable to you in connection with or as a result of engaging in any of the above acts. You confirm that, as of the date of your execution of this Agreement, you have not violated the terms of this "CONFIDENTIALITY / NON-COMPETITION" Section.

d) The Company agrees that it shall not make any statements regarding your employment and the termination thereof, other than as set forth in the Company's press release dated October 2, 2013 (attached hereto as **Exhibit IV**).

16. RETURN OF COMPANY PROPERTY. You understand and agree that you are obligated to return all Company property in your possession or control, as required under the Non-Competition Agreement, including, without limitation, company cars where applicable, computer disks or data (including, data retained on any computer), any home-office equipment or computers, cell phones, Blackberries or similar devices, purchased or provided by the Company, any keys, identification and access cards, records, documents, files or other materials; provided, however, that you may retain the two iPads and one iPhone issued to you by the Company prior to your Termination Date, from which the Company has previously removed all Company data and programs. By executing this Agreement, you represent and agree that you (i) have returned all Company property in your possession or control to the Company, including any home-office equipment currently at your New Jersey and Delaware residences, (ii) have removed any and all computer data relating to Company confidential information and trade secrets from any personal computer(s) in your possession or control, and (iii) have not retained any such computer data (or copies thereof) in any form.

17. NON-ADMISSION. Nothing contained in this Agreement shall be deemed or construed as an admission of wrongdoing or liability on the part of the Company.

18. SEVERABILITY CLAUSE. Should any provision of this Agreement and General Release be declared illegal or unenforceable by any court of competent jurisdiction and cannot be modified to be enforceable, excluding the general release language, such provision shall immediately become null and void, leaving the remainder of this Agreement and General Release in full force and effect; provided that, the employee may not challenge the Non-Competition Agreement and retain the consideration set forth in Section 1.

19. ASSIGNMENT. This Agreement may be assigned by the Company to (i) any affiliate of the Company or (ii) any non-affiliate of the Company that shall acquire all or the greater part of the business and assets of the Company. In the event of any such assignment, the Company shall cause such affiliate or non-affiliate, as the case may be, to assume the obligations of the Company hereunder with the same effect as if such assignee were the "Company" hereunder, and, in the case of such assignment to a non-affiliate, the Company and its affiliates shall be released from all liability hereunder. This Agreement is personal to you and you may not assign any rights or delegate any responsibilities hereunder without the prior approval of the Company.

20. NON-ALIENATION. You shall not have any right to pledge, anticipate or in any way create a lien upon any payment or benefit provided under this Agreement, and no such payment or benefit shall be assignable in anticipation of payment, either by voluntary or involuntary acts or by operation of law.

21. OFFSET. You hereby authorize the Company to offset any sums owed by you to the Company against the severance pay payable to you pursuant to this Agreement, to the fullest extent permitted under applicable law. As of the date hereof, the Company has no knowledge of any amounts owed by you to the Company.

22. GOVERNING LAW AND CHOICE OF FORUM. This Agreement shall be governed by, and construed pursuant to, the laws of the State of New York applicable to transactions executed and to be wholly performed in New York between residents thereof, without regard to the state's conflict of laws provisions, except as otherwise preempted by the laws of the United States. The parties consent and agree to the exclusive jurisdiction and venue of the Federal and State courts sitting in the County of New York for all purposes. In the event of a breach of any provision of this Agreement and General Release, either party may institute an action specifically to enforce any term or terms of this Agreement and General Release and/or to seek any damages for breach.

23. INDEMNIFICATION. Subject to the terms, conditions and limitations of its by-laws and applicable Delaware law, the Company will to the fullest extent permissible under such by-laws defend and indemnify you against all costs, charges and expenses incurred or sustained by you in connection with any action, suit or proceeding to which you may be made a party, brought by any shareholder of the Company directly or derivatively or by any third party by reason of any act or omission of you as an officer, director or employee of the Company or of any subsidiary or affiliate of the Company. You shall be covered by the Directors and Officers insurance coverage as is maintained by the Company for its directors and officers including, to the extent provided under such Directors and Officers Insurance, coverage for actions, suits or proceedings brought after your Termination Date but relating to periods during your employment with the Company.

24. ENTIRE AGREEMENT. This Agreement and any attachments or exhibits hereto expressly supersede any and all previous understandings and agreements between the Company and you, including without limitation any employment agreements, and constitute the sole and exclusive understanding between the Company and you concerning the subjects set forth herein, other than any agreements related to non-competition or trade secrets, confidential information and/or work product previously executed by you, the terms of which remain in full force and effect, except to the extent modified herein. This Agreement and any attachments or exhibits hereto may not be altered, modified, changed or discharged except in a writing signed by you and agreed to by the Company. You understand and agree that other than as set forth in this Agreement and the attachments or exhibits hereto, you will not receive any compensation, payments or benefits of any kind from the Company and you expressly agree that you are not entitled and have no right to any additional compensation, payments or benefits, including but not limited to the payments referenced in Section 9 of the Non-Competition Agreement, other than the payment of vested benefits (if any) under the terms of the Company's qualified retirement plans, as amended from time to time.

If the foregoing text of this document correctly reflects our mutual agreements, please execute and return to the undersigned the two originals of this Agreement.

Sincerely,

REVLON CONSUMER PRODUCTS CORPORATION

By: /s/ Robert K. Kretzman  
Robert K. Kretzman  
Executive Vice President and Chief Administrative Officer



AGREEMENT AND  
ACKNOWLEDGMENT

I, Alan Ennis, acknowledge receipt of the Letter Agreement and Release and I agree to all the terms and conditions set forth in the Letter Agreement and Release. I have read and fully understand the meaning and effect of the terms set forth in the Letter Agreement and Release and enter into such agreement of my own free will and without coercion, intimidation or threat of retaliation. I also acknowledge and understand that I have been afforded twenty-one (21) days to consider the Letter Agreement and Release and to have the agreement reviewed by my attorney if I so choose. I acknowledge that if I execute this Letter Agreement and Release prior to the expiration of the twenty-one (21) day period or if I choose to forego the advice of an attorney, I am doing so freely, knowingly and voluntarily and waive any and all future claims that such action or actions would affect the validity of this Letter Agreement and Release.

Date: October 23, 2103

Signature: /s/ Alan Ennis  
Alan Ennis

CERTIFICATIONS

I, David L. Kennedy, certify that:

1. I have reviewed this quarterly report on Form 10-Q (the "Report") of Revlon, Inc. (the "Registrant");
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
  - (b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
  - (d) Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: October 24, 2013

/s/ David L. Kennedy

David L. Kennedy

Vice Chairman and Interim Chief Executive Officer

CERTIFICATIONS

I, Jessica T. Graziano, certify that:

1. I have reviewed this quarterly report on Form 10-Q (the "Report") of Revlon, Inc. (the "Registrant");
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
  - (b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
  - (d) Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: October 24, 2013

/s/ Jessica T. Graziano

Jessica T. Graziano  
Senior Vice President, Corporate Controller and Chief Accounting Officer,  
serving as the Company's Principal Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Revlon, Inc. (the "Company") for the period ended September 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David L. Kennedy, Interim 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/ David L. Kennedy

David L. Kennedy  
Interim Chief Executive Officer  
October 24, 2013

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Revlon, Inc. (the "Company") for the period ended September 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jessica T. Graziano, serving as Principal 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/ Jessica T. Graziano

Jessica T. Graziano  
Senior Vice President, Corporate Controller and Chief Accounting Officer,  
serving as the Company's Principal Financial Officer

October 24, 2013