UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2007

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	**13-3662955**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
237 Park Avenue, New York, New York	**10017**
(Address of principal executive offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) or 12(g) of the Act:

Title of each class	**Name of each exchange on which registered**
Class A Common Stock	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐

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

Yes ☐ No ☒

The aggregate market value of the registrant's Class A Common Stock held by non-affiliates (using the New York Stock Exchange closing price as of June 30, 2007, the last business day of the registrant's most recently completed second fiscal quarter) was approximately $278,654,667.

As of December 31, 2007, 479,966,868 shares of Class A Common Stock and 31,250,000 shares of Class B Common Stock were outstanding. At such date all of the shares of Class B Common Stock were owned by REV Holdings LLC, a Delaware limited liability company and an indirectly wholly-owned subsidiary of MacAndrews & Forbes Holdings Inc., and 276,732,040 shares of Class A Common Stock were beneficially owned by MacAndrews & Forbes Holdings Inc. and its affiliates.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Revlon, Inc.'s definitive Proxy Statement to be delivered to shareholders in connection with its Annual Meeting of Stockholders to be held on or about June 5, 2008 are incorporated by reference into Part III of this Form 10-K.

Revlon, Inc. and Subsidiaries

Form 10-K

For the Year Ended December 31, 2007

Table of Contents

PART I

Item 1. Business

Background

Revlon, Inc. (and together with its subsidiaries, the ‘‘Company’’) conducts its business exclusively through its direct wholly-owned operating subsidiary, Revlon Consumer Products Corporation and its subsidiaries (‘‘Products Corporation’’). 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 operates in a single segment and manufactures, markets and sells an extensive array of cosmetics, women’s hair color, beauty tools, fragrances, skincare, anti-perspirants/deodorants and personal care products. The Company is one of the world’s leading cosmetics companies in the mass retail channel (as hereinafter defined). The Company believes that its global brand name recognition, product quality and marketing experience have enabled it to create one of the strongest consumer brand franchises in the world.

The Company’s products are sold worldwide and marketed under such brand names as **Revlon**, including the **Revlon ColorStay**, **Revlon Super Lustrous** and **Revlon Age Defying** franchises, as well as the **Almay** brand, including the **Almay Intense i-Color** and **Almay Smart Shade** franchises, in cosmetics; **Revlon Colorsilk** in women’s hair color; **Revlon** in beauty tools; **Charlie** and **Jean Naté** in fragrances; **Ultima II** and **Gatineau** in skincare; and **Mitchum** and **Bozzano** in personal care products.

The Company’s principal customers include large mass volume retailers, 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 complimentary beauty-related products and accessories.

The Company was founded by Charles Revson, who revolutionized the cosmetics industry by introducing nail enamels matched to lipsticks in fashion colors over 75 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, beauty tools and anti-perspirants/deodorants. The Company also has leading market positions in several product categories in certain foreign countries, including Australia, Canada and South Africa. The Company’s products are sold throughout the world.

The Company’s Business Strategy

The Company’s business strategy includes:

- **Building and leveraging our strong brands.** We are building and leveraging our brands, particularly the **Revlon** brand, across the categories in which we compete. In addition to **Revlon** and **Almay** brand color cosmetics, we a re seeking to drive growth in other beauty care categories, including women’s hair color, beauty tools and anti-perspirants/deodorants. We are implementing this strategy by developing and sustaining an innovative pipeline of new products and managing our product portfolio with the objective of profitable net sales growth over time. We will: 1) fully utilize our creative, marketing and research and development capabilities; 2) reinforce clear, consistent brand positioning through effective, innovative advertising and promotion; and 3) work with our retail customers to continue to increase the effectiveness of our in-store marketing, promotion and display walls across categories in which we compete. We took several steps in furtherance of this objective including:
  - In 2007, we instituted a rigorous process for the continuous development and evaluation of new product concepts, improved our new product commercialization process and created a comprehensive, long-term portfolio strategy.

  - Within our **Revlon** and **Almay** marketing organizations in the U.S., during 2007 we implemented an integrated organizational structure to accelerate new product development, produce effective creative and provide clear lines of communication, responsibility and accountability.

  - In 2007, we launched and supported with advertising and promotions a number of new products, including **Revlon Limited Edition Collection**, **Revlon Luxurious Color** eyeliner, **Revlon 3D Extreme** mascara, **Revl on Renewist** lipcolor, **Revlon Age Defying** makeup primer, **Almay Pure Blends** mineral makeup, **Almay Smart Shade** line extensions (blush and bronzer), **Almay Hydracolor** lipstick and **Mitchum Smart Solid** anti-perspirant/deodorant. We also signed Jessica Alba and Beau Garrett as spokesmodels for the **Revlon** brand.

  - For 2008, we are launching an extensive lineup of **Revlon** and **Almay** color cosmetics, which includes differentiated and unique offerings for the mass retail channel, innovations in products and packaging, new technologies and extensions within the **Revlon** and **Almay** franchises. We are supporting these new products with advertising and promotions using our spokesmodels.

    – Our first half 2008 **Revlon** color cosmetics introductions include **Revlon ColorStay** minerals collection, **Revlon Custom Creations** foundation, **Revlon Limited Edition Collection**, Almay TLC Truly Lasting Color foundation, **Almay Intense i-Color** ‘‘Bring Out’’ and ‘‘Play Up’’ collections and **Almay** makeup removers.

    – In the second half of 2008, we will offer additional and significant new products and innovations within the **Revlon** and **Almay** portfolios.

- **Improving the execution of our strategies and plans and providing for continued improvement in our organizational capability through enabling and developing our employees.** We are continuing to build our organizational capability primarily through a focus on recruitment and retention of skilled people, providing opportunities for professional development, as well as new and expanded responsibilities and roles for employees who have demonstrated capability and rewarding our employees for success. We have taken several steps in furtherance of this objective including:

  - During 2006 and 2007, we streamlined our organizational structure and created expanded roles and responsibilities for key, capable individuals throughout the organization, and made key promotions within our marketing, finance, operations, customer business development, legal and human resources groups. We have also recruited a number of highly capable and skilled executives and professionals across various functions.

  - We have strengthened our U.S. marketing and sales organization with the creation of our U.S. region and by recruiting talented and experienced executives within marketing, product development and sales.

  - We have created new incentive rewards programs, including restricted stock grants for a broad group of key contributors who will be important in executing our strategies and in contributing to the achievement of our goal of achieving long-term, profitable growth.

  - We have implemented a simple, well-structured approach to global succession planning for key positions.

- **Continuing to strengthen our international business.** We are continuing to strengthen our international business through the following key strategies:

  - Focusing on the **Revlon** brand and our other strong national and multi-national brands in key countries;

  - Leveraging our **Revlon** and **Almay** brand marketing worldwide;

  - Adapting our product portfolio to local consumer preferences and trends;

    - Structuring the most effective business model in each country; and
    - Strategically allocating resources and controlling costs.

- **Improving our operating profit margins and cash flow.** We are capitalizing on opportunities to improve our operating profit margins and cash flow over time, including reducing sales returns, costs of goods sold and general and administrative expenses and improving working capital management (in each case as a percentage of net sales), and we continue to focus on improving net sales growth. We have taken several steps in furtherance of this objective including:

    - We implemented several restructuring actions during 2006 and 2007 intended to reduce ongoing costs and increase operating profit margins. As a result of these actions, we reduced our cost base by approximately $55 million from previous levels.

        – In 2006, we implemented a series of organizational realignments and streamlining actions involving the consolidation of certain functions within our sales, marketing and creative groups, and certain headquarter functions; reducing layers of management; eliminating certain executive positions; and consolidating various facilities. This new structure streamlined internal processes and has enabled more effective innovation and creativity, while fostering more efficient decision-making and appropriately aligning this decision-making with accountability and has led to improvements in our operational effectiveness and enabled us to be more effective and efficient in meeting the needs of our consumers and retail customers (the ''2006 Programs' ').

        – In 2007, we implemented several restructuring plans designed to reduce costs and improve our operating profit margins, including the consolidation of facilities and certain functions, principally the closure of our facility in Irvington, New Jersey, which was completed in June 2007, and personnel reductions within our Information Management function and a reduction of our sales force in Canada (the ''2007 Programs'').

    - We are selectively reducing certain product promotions in the U.S. and Canada leading to lower rates of product returns and an improvement in our operating profit margins.

    - Our cash flow from operations has improved significantly in 2007 compared to prior years.

- **Continuing to improve our capital structure.** We are benefiting from opportunities to reduce and refinance our debt. We have taken several steps in furtherance of this objective, including:

    - **March 2006 $110 Million Rights Offering:** In the first quarter of 2006, Revlon, Inc. completed a $110 million rights offering, including the related private placement to MacAndrews & Forbes (together the ''$110 Million Rights Offering''), of Revlon, Inc.'s Class A Common Stock (as hereinafter defined) and used the proceeds, together with available cash, to redeem approximately $109.7 million in aggregate principal amount of Products Corporation's $8^5/_8$% Senior Subordinated Notes (as hereinafter defined).

    - **Refinancing of Bank Credit Agreement:** In December 2006, Products Corporation refinanced its 2004 Credit Agreement (as hereinafter defined), reducing interest rates and extending the maturity dates for Products Corporation's bank credit facilities from July 2009 to January 2012 in the case of the revolving credit facility and from July 2010 to January 2012 in the case of the term loan facility. As part of this refinancing, Products Corporation entered into a five-year, $840 million term loan facility (the ''2006 Term Loan Facility''), replacing the $800 million term loan under Pro ducts Corporation's 2004 Credit Agreement. Products Corporation also amended its existing $160 million multi-currency revolving credit facility under its 2004 Credit Agreement and extended its maturity through the same five-year period (the ''2006 Revolving Credit Facility''

Table of Contents

and, together with the 2006 Term Loan Facility, the ‘‘2006 Credit Facilities’’, with the agreements governing the 2006 Credit Facilities being the ‘‘2006 Term Loan Agreement’’, the ‘‘2006 Revolving Credit Agreement’’, and together the ‘‘2006 Credit Agreements’’). In September 2007, we entered into an interest rate swap transaction with Citibank, N.A. acting as the counterparty, which effectively fixed the LIBOR portion of the interest rate on $150.0 million notional amount of outstanding indebtedness under the 2006 Term Loan Facility at 4.692% through September 17, 2009. (See ‘‘Financial Condition, Liquidity and Capital Resources — Credit Agreement Refinancing’’ and ‘‘Financial Condition, Liquidity and Capital Resources — Interest Rate Swap Transaction’’).

- **January 2007 $100 Million Rights Offering:** In January 2007, Revlon, Inc. completed a $100 million rights offering of Revlon, Inc.’s Class A Common Stock (including the related private placement to MacAndrews & Forbes, the ‘‘$100 Million Rights Offering’’) and used the proceeds to redeem $50.0 million in aggregate principal amount of the 8$^5/_8$% Senior Subordin ated Notes, the balance of which was repaid in full on February 1, 2008 (See ‘‘Recent Developments’’), and to repay approximately $43.3 million of indebtedness outstanding under Products Corporation’s 2006 Revolving Credit Facility, without any permanent reduction of that commitment, after paying approximately $1.1 million of fees and expenses incurred in connection with such rights offering, with approximately $5.0 million of the remaining net proceeds being available for general corporate purposes.
- **$170 Million Senior Subordinated Term Loan:** In December 2007, Revlon, Inc. announced that MacAndrews & Forbes, Revlon’s majority stockholder, had agreed to provide Products Corporation with a $170 million Senior Subordinated Term Loan, the proceeds of which Products Corporation used on February 1, 2008 to repay in full the $167.4 million remaining aggregate principal amount of Product Corporation’s 8$^5/_8$% Senior Subordinated Notes, which matured on such date. (See ‘‘Recent Developments’’).

Recent Developments

On January 30, 2008, Products Corporation entered into its previously-announced $170 million Senior Subordinated Term Loan Agreement with MacAndrews & Forbes (the ‘‘MacAndrews & Forbes Senior Subordinated Term Loan Agreement’’). On February 1, 2008, Products Corporation used the proceeds of the MacAndrews & Forbes Senior Subordinated Term Loan to repay in full the approximately $167.4 million remaining aggregate principal amount of Products Corporation’s 8$^5/_8$% Senior Subordinated Notes, which matured on February 1, 2008 (the ‘‘8$^5/_8$% Senior Subordinated Notes’’), and to pay certain related fees and expenses, including the payment to MacAndrews & Forbes of a facility fee of $2.55 million (or 1.5% of the total aggregate principal amount of such loan) upon MacAndre

The MacAndrews & Forbes Senior Subordinated Term Loan bears interest at an annual rate of 11%, which is payable in arrears in cash on March 31, June 30, September 30 and December 31 of each year, commencing on March 31, 200

The MacAndrews & Forbes Senior Subordinated Term Loan Agreement is an unsecured obligation of Products Corporation and, pursuant to subordination provisions that are generally incorporated from the indenture which governed th

Term Loan Agreement has the right to payment equal in right of payment with any present and future senior subordinated indebtedness of Products Corporation.

The MacAndrews & Forbes Senior Subordinated Term Loan Agreement contains covenants (other than the subordination provisions discussed above) that are generally incorporated from the indenture governing Products Corporation's

The MacAndrews & Forbes Senior Subordinated Term Loan Agreement includes a cross acceleration provision, which is substantially the same as that in Products Corporation's 9½% Senior Notes that provides that it shall be an event o

The MacAndrews & Forbes Senior Subordinated Term Loan Agreement also contains other customary events of default for loan agreements of such type, including, subject to applicable grace periods, nonpayment of any principal or in

Upon any change of control (as defined in the MacAndrews & Forbes Senior Subordinated Term Loan Agreement), Products Corporation is required to repay the MacAndrews & Forbes Senior Subordinated Term Loan in full, after fulfi

In connection with the closing of the MacAndrews & Forbes Senior Subordinated Term Loan, Revlon, Inc. and MacAndrews & Forbes entered into a letter agreement in January 2008, pursuant to which Revlon, Inc. agreed that, if Revlo

In accordance with SFAS No. 6, ''Classification of Short-Term Obligations Expected to be Refinanced,'' the approximately $167.4 million aggregate principal amount of Products Corporation's 8⅝% Senior Subordinated Notes that rem

Products

Revlon, Inc. conducts business exclusively through Products Corporation. The Company manufactures and markets a variety of products worldwide. The following table sets forth the Company's principal brands.

COSMETICS	HAIR	BEAUTY TOOLS	FRAGRANCE	ANTI-PERSPIRANTS/ DEODORANTS	SKINCARE
Revlon	Revlon Colorsilk	Revlon	Charlie	Mitchum	Gatineau
Almay	Bozzano		Jean Naté	Almay	Ultima II

Cosmetics — Revlon: The Company sells a broad range of cosmetics under its flagship **Revlon** brand designed to fulfill consumer needs, principally priced in the upper range of the mass retail channel, including face, lip, eye and nail

The Company sells face makeup, including foundation, powder, blush and concealers, under the **Revlon** brand name. **Revlon Age Defying**, which is targeted for women in the over-35 age bracket, incorporates the Company's patented

The Company markets several different lines of **Revlon** lip makeup, including lipstick, lip gloss and lip liner, under several **Revlon** brand names. **Super Lustrous** is the Company's flagship wax-based lipcolor, offered in a wide variety

The Company's eye makeup products include mascaras, eyeliners and eye shadows, under several **Revlon** brand names. In mascaras, key franchises include **Fabulash**, which uses a patented lash perfecting brush for fuller lashes, as well

The Company's nail color and nail care lines include enamels, treatments and cuticle preparations. The Company's flagship **Revlon** nail enamel uses a patented formula that provides consumers with improved wear, application, shine an

Cosmetics — Almay: The Company's **Almay** brand consists of hypo-allergenic, dermatologist-tested, fragrance-free cosmetics and skincare products. **Almay** products include face, eye and lip makeup and makeup removers.

Within the face category, with **Almay Smart Shade** patent-pending formulas for foundation, blush and bronzer, **Almay** consumers can find products that are designed to match their skin tones. **Almay TLC Truly Lasting Color** makeu

Hair: The Company sells both haircare and haircolor products throughout the world. In haircolor, the Company markets brands, including the **Revlon Colorsilk** brand in women's haircolor. In haircare, the Company sells the **Flex** and

Beauty Tools: The Company sells **Revlon** Beauty Tools, which include nail and eye grooming tools, such as clippers, scissors, files, tweezers and eye lash curlers. **Revlon** Beauty Tools are sold individually and in sets under the **Revlo**

Fragrances: The Company sells a selection of moderately-priced and premium-priced fragrances, including perfumes, eau de toilettes, colognes and body sprays. The Company's portfolio includes fragrances such as **Charlie** and **Cia**

Anti-perspirants/deodorants: In the area of anti-perspirants/deodorants, the Company markets **Mitchum**, **Aquamarine** and **Hi & Dri** antiperspirant brands in many countries. The Company also markets hypo-allergenic personal ca

Skincare: The Company's skincare products, including moisturizers, are predominantly sold under the **Eterna 27** brand. The Company also sells skincare products in international markets under internationally-recognized brand names

Marketing

The Company markets extensive consumer product lines principally priced in the upper range of the mass retail channel and certain other channels outside of the U.S.

The Company uses print, television and internet advertising, as well as point-of-sale merchandising, including displays and samples. The Company's marketing emphasizes a uniform global image and product for its portfolio of core bra

The Company also uses cooperative advertising programs, supported by Company-paid or Company-subsidized demonstrators, and coordinated in-store promotions and displays. Other marketing materials designed to introduce the Con

New Product Development and Research and Development

The Company believes that it is an industry leader in the development of innovative and technologically-advanced cosmetics and beauty products. The Company's marketing and research and development groups identify consumer needs and shifts in consumer preferences in order to develop new products, tailor line extensions and promotions and redesign or reformulate existing products to satisfy such needs or preferences. The

The Company operates an extensive cosmetics research and development facility in Edison, New Jersey. The scientists at the Edison facility are responsible for all of the Company's new product research worldwide, performing research

As of December 31, 2007, the Company employed approximately 160 people in its research and development activities, including specialists in pharmacology, toxicology, chemistry, microbiology, engineering, biology, dermatology and

Manufacturing and Related Operations and Raw Materials

During 2007, the Company's cosmetics and/or personal care products were produced at the Company's facilities in North Carolina, Venezuela, France, South Africa and Mexico and at third-party facilities around the world.

The Company continually reviews its manufacturing needs against its manufacturing capacities to identify opportunities to reduce costs and operate more efficiently. The Company purchases raw materials and components throughout th

Distribution

The Company's products are sold in more than 100 countries across six continents. The Company's worldwide sales forces had approximately 340 people as of December 31, 2007. In addition, the Company utilizes sales representatives

United States. Net sales in the U.S. accounted for approximately 57% of the Company's 2007 net sales, a majority of which were made in the mass retail channel. The Company also sells a broad range of consumer products to U.S. Go

As part of the Company’s strategy to increase the retail consumption of its products, the Company’s retail merchandisers stock and maintain the Company’s point-of-sale wall displays intended to ensure that high-selling SKUs are in sto

International. Net sales outside the U.S. accounted for approximately 43% of the Company’s 2007 net sales. The five largest countries in terms of these sales were South Africa, Australia, Canada, U.K and Brazil, which together accou

Customers

The Company’s principal customers include large mass volume retailers and chain drug stores, including such well-known retailers as Wal-Mart, Target, Kmart, Walgreens, Rite Aid, CVS and Longs in the U.S., Shoppers DrugMart in C

Competition

The consumer products business is highly competitive. The Company competes primarily on the basis of:

- developing quality products with innovative performance features, shades, finishes and packaging;
- educating consumers on the Company’s product benefits;
- anticipating and responding to changing consumer demands in a timely manner, including the timing of new product introductions and line extensions;
- offering attractively priced products relative to the product benefits provided;
- maintaining favorable brand recognition;
- generating competitive margins and inventory turns for its retail customers by providing relevant products and executing effective pricing, incentive and promotion programs;
- ensuring product availability through effective planning and replenishment collaboration with retailers;
- providing strong and effective advertising, marketing, promotion and merchandising support;
- maintaining an effective sales force; and
- obtaining sufficient retail floor space, optimal in-store positioning and effective presentation of its products at retail.

The Company competes in selected product categories against a number of multi-national manufacturers. In addition to products sold in the mass retail channel and demonstrator-assisted channels, the Company’s products also compete outlets. The Company's principal competitors include L'Oréal S.A., The Procter & Gamble Company, Avon Products, Inc. and The Estée Lauder Companies Inc. (See Item 1A. Risk Factors — ''Competition in the consumer products busines

Patents, Trademarks and Proprietary Technology

The Company's major trademarks are registered in the U.S. and in well over 100 other countries, and the Company considers trademark protection to be very important to its business. Significant trademarks include **Revlon**, **ColorStay**,

The Company utilizes certain proprietary, patent-pending or patented technologies in the formulation, packaging or manufacture of a number of the Company's products, including, among others, **Revlon ColorStay** cosmetics, including

The Company files patents on a continuing basis in the ordinary course of business on certain of the Company's new technologies. Patents in the U.S. are effective for up to 20 years and international patents are generally effective for up

Government Regulation

The Company is subject to regulation by the Federal Trade Commission (the ''FTC'') and the Food and Drug Administration (the ''FDA'') in the U.S., as well as various other federal, state, local and foreign regulatory authorities, incluc

Industry Segments, Foreign and Domestic Operations

The Company operates in a single segment. Certain geographic, financial and other information of the Company is set forth in the Consolidated Statements of Operations and Note 18 ''Geographic, Financial and Other Information'' to t

Employees

As of December 31, 2007, the Company employed approximately 5,600 people. As of December 31, 2007, approximately 20 of such employees in the U.S. were covered by collective bargaining agreements. The Company believes that

Available Information

The public may read and copy any materials that the Company files with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information in the Public Reference Room may be obtained by callin

Item 1A. Risk Factors

In addition to the other information in this report, investors should consider carefully the following risk factors when evaluating the Company's business.

Revlon, Inc. is a holding company with no business operations of its own and is dependent on its subsidiaries to pay certain expenses and dividends. In addition, shares of the capital stock of Products Corporation, Revlon, Inc.'s

Revlon, Inc. is a holding company with no business operations of its own. Revlon, Inc.'s only material asset is all of the outstanding capital stock of Products Corporation, Revlon, Inc.'s wholly-owned operating subsidiary, through whic

The terms of the 2006 Credit Agreements, the MacAndrews & Forbes Senior Subordinated Term Loan Agreement and the indenture governing Products Corporation's outstanding 9½% Senior Notes generally restrict Products Corporati

All of the shares of the capital stock of Products Corporation held by Revlon, Inc. are pledged to secure Revlon, Inc.'s guarantee of Products Corporation's obligations under the 2006 Credit Agreements. A foreclosure upon the shares of

Products Corporation's substantial indebtedness 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. As of December 31, 2007, the Company's total indebtedness was $1,441.0 million, primarily including $167.4 million aggregate principal amount outstanding aggregate principal amount outstanding under the 2006 Term Loan Facility, and $43.5 million aggregate principal amount outstanding under the 2006 Revolving Credit Facility. In connection with the refinancing of the 8⅝% Senior Subordi

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 Pr

- limit 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 or promotional expenses, new product development costs, purchases and reconfiguration of wall displays, acquisitions, investments, restructuring programs and other general corporate requirements;
- require 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;
- place the Company at a competitive disadvantage compared to its competitors that have less debt;
- limit the Company's flexibility in responding to changes in its business and the industry in which it operates; and
- make 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 indenture governing Products Corporation's outstanding 9½% Senior Notes, the 2006 Credit Agreements and the MacAndrews & Forbes Senior Subor

Products Corporation's ability to pay the principal of its indebtedness depends on many factors.

The MacAndrews & Forbes Senior Subordinated Term Loan expires in August 2009, the 9½% Senior Notes mature in April 2011 and the 2006 Credit Agreements mature in January 2012. Products Corporation currently anticipates that, instruments (including the 2006 Credit Agreements and the MacAndrews & Forbes Senior Subordinated Term Loan Agreement) or the debt instruments of Products Corporation's subsidiaries then in effect may not permit the Company to tal

Restrictions and covenants in Products Corporation's debt agreements limit its ability to take certain actions and impose consequences in the event of failure to comply.

Agreements governing Products Corporation's indebtedness, including the 2006 Credit Agreements, the agreement governing the MacAndrews & Forbes Senior Subordinated Term Loan Agreement and the indenture governing Products

- borrow money;
- use assets as security in other borrowings or transactions;
- pay dividends on stock or purchase stock;
- sell assets;
- enter into certain transactions with affiliates; and
- make certain investments.

In addition, the 2006 Credit Agreements contain financial covenants limiting Products Corporation's senior secured debt-to-EBITDA ratio (in the case of the 2006 Term Loan Agreement) and, under certain circumstances, requiring Proc

The breach of certain covenants contained in the 2006 Credit Agreements would permit Products Corporation's lenders to accelerate amounts outstanding under the 2006 Credit Agreements, which would in turn constitute an event of de

In addition, holders of Products Corporation's outstanding 9½% Senior Notes may require Products Corporation to repurchase their respective notes in the event of a change of control under the 9½% Senior Notes indenture. (See ''Produ

Events beyond the Company's control, such as decreased consumer spending in response to weak economic conditions or weakness in the cosmetics category in the mass retail channel; adverse changes in currency; decreased sales of th

Under such circumstances, Products Corporation and its subsidiaries may be unable to comply with the provisions of Products Corporation's debt instruments, including the financial covenants in the 2006 Credit Agreements. If Products

In the event that Products Corporation was unable to obtain any such waiver or amendment and it was not able to refinance or repay its debt instruments, Products Corporation's inability to meet the financial covenants or other provision

Products Corporation's assets and/or cash flow and/or that of Products Corporation's subsidiaries may not be sufficient to fully repay borrowings under its outstanding debt instruments, either upon maturity or if accelerated upon an ever

Limits on Products Corporation's borrowing capacity under the 2006 Revolving Credit Facility may affect the Company's ability to finance its operations.

While the 2006 Revolving Credit Facility currently provides for up to $160.0 million of commitments, Products Corporation's ability to borrow funds under this facility is limited by a borrowing base determined relative to the value, fro

If the value of these eligible assets is not sufficient to support the full $160.0 million borrowing base, Products Corporation will not have full access to the 2006 Revolving Credit Facility, but rather could have access to a lesser amount c

Products Corporation's ability to make borrowings under the 2006 Revolving Credit Facility is also conditioned upon its compliance with other covenants in the 2006 Revolving Credit Agreement, including a fixed charge coverage ratio

At January 31, 2008, the 2006 Term Loan Facility was fully drawn, and the Company had a liquidity position (excluding cash in compensating balance accounts) of approximately $185.7 million, consisting of cash and cash equivalents

A substantial portion of Products Corporation’s indebtedness is subject to floating interest rates.

A substantial portion of Products Corporation’s indebtedness is subject to floating interest rates, which makes the Company more vulnerable in the event of adverse economic conditions, increases in prevailing interest rates or a downtur

Under the 2006 Term Loan Facility, loans bear interest, at Products Corporation’s option, at either the Eurodollar Rate plus 4.0% per annum, which is based upon LIBOR, or the Alternate Base Rate (as defined in the 2006 Term Loan Ag

If any of LIBOR, the base rate, the U.S. federal funds rate or such equivalent local currency rate increases, the Company’s debt service costs will increase to the extent that Products Corporation has elected such rates for its outstanding l

Based on the amounts outstanding under the 2006 Credit Agreements and other short-term borrowings (which, in the aggregate, is Products Corporation’s only debt currently subject to floating interest rates) as of December 31, 2007, an

The Company depends on its Oxford, North Carolina facility for production of a substantial portion of its products. Disruptions to this facility could affect the Company’s business, financial condition and/or results of operation

The Company produces a substantial portion of its products at its Oxford, North Carolina facility. Significant unscheduled downtime at this facility due to equipment breakdowns, power failures, natural disasters, weather conditions han

The Company's new product introductions may not be as successful as the Company anticipates, which could have a material adverse effect on the Company's business, financial condition and/or results of operations.

The Company has implemented a rigorous process for the continuous development and evaluation of new product concepts, formed in 2007 and led by senior executives in marketing, sales, product development, operations and finance,

- the acceptance of the new product launches by, and sales of such new products to, the Company's retail customers may not be as high as the Company anticipates;
- the Company's advertising and marketing strategies for its new products may be less effective than planned and may fail to effectively reach the targeted consumer base or engender the desired consumption;
- the rate of purchases by the Company's consumers may not be as high as the Company anticipates;
- the Company's wall displays to showcase the new products may fail to achieve their intended effects;
- the Company may experience out-of-stocks and/or product returns exceeding its expectations as a result of its new product launches or reductions in retail display space;
- the Company may incur costs exceeding its expectations as a result of the continued development and launch of new products, including, for example, advertising and promotional expenses, sales return expenses or other costs, including trade support, related to launching new products;
- the Company may experience a decrease in sales of certain of the Company's existing products as a result of newly-launched products;
- the Company's product pricing strategies for new product launches may not be accepted by its retail customers and/or its consumers, which may result in the Company's sales being less than it anticipates; and
- any delays or difficulties impacting the Company's ability, or the ability of the Company's suppliers to timely manufacture, distribute and ship products, displays or display walls in connection with launching new products, such as due to inclement weather conditions or those delays or difficulties discussed under " — The Company depends on its Oxford, North Carolina facility for production of a substantial portion of its products. Disruptions to this facility could affect the Company's business, financial condition and/or results of operations," could affect the Company's ability to ship and deliver products to meet its retail customers' reset deadlines.

Each of the risks referred to above could delay or impede the Company's ability to achieve its sales objectives, which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company has implemented the organizational realignment and streamlining programs in 2006 and 2007, which may affect employee morale and retention.

The Company implemented the organizational realignment and streamlining programs in 2006 and 2007 which have resulted in significant reductions in administrative expenses, principally by consolidating responsibilities in certain rel continue to be more effective and efficient in meeting the needs of its consumers and retail customers, operating in this leaner environment could affect employee morale and retention.

The Company's ability to service its debt and meet its cash requirements depends on many factors, including achieving anticipated levels of revenue and expenses. If such revenue or expense levels prove to be other than as antic

The Company currently expects that operating revenues, cash on hand, and funds available for borrowing under the 2006 Revolving Credit Agreement and other permitted lines of credit will be sufficient to enable the Company to cover

If the Company's anticipated level of revenue is not achieved, however, because of, for example, decreased consumer spending in response to weak economic conditions or weakness in the cosmetics category in the mass retail channel;

- delay the implementation of or revise certain aspects of the Company's business strategy;
- reduce or delay purchases of wall displays or advertising or promotional expenses;
- reduce or delay capital spending;
- restructure Products Corporation's indebtedness;
- sell assets or operations;
- delay, reduce or revise the Company's restructuring plans;
- seek additional capital contributions or loans from MacAndrews & Forbes, the Company's other affiliates and/or third parties;
- sell additional Revlon, Inc. equity or debt securities or debt securities of Products Corporation; or
- reduce other discretionary spending.

If the Company is required to take any of these actions, it could have a material adverse effect on its business, financial condition and/or results of operations. In addition, the Company may be unable to take any of these actions, because third parties, or that the transactions may not be permitted under the terms of the various debt instruments then in effect, such as due to restrictions on the incurrence of debt, incurrence of liens, asset dispositions and/or related party transactio

Such actions, if ever taken, may not enable the Company to satisfy its cash requirements or enable Products Corporation to comply with the financial covenants under the 2006 Credit Agreements if the actions do not result in sufficient s

The Company depends on a limited number of customers for a large portion of its net sales and the loss of one or more of these customers could reduce the Company's net sales and have a material adverse effect on the Compan

For 2007, 2006 and 2005, Wal-Mart, Inc. accounted for approximately 24%, 23% and 24%, respectively, of the Company's worldwide net sales. The Company expects that for 2008 and future periods, Wal-Mart and a small number of o

The loss of Wal-Mart or one or more of the Company's other customers that may account for a significant portion of the Company's net sales, or any significant decrease in sales to these customers or any significant decrease in the Com

The Company may be unable to increase its sales through the Company's primary distribution channels, which could have a material adverse effect on the Company's business, financial condition and/or results of operations.

In the U.S., mass volume retailers and chain drug and food stores currently are the primary distribution channels for the Company's products. Additionally, other channels, including prestige and department stores, television shopping, d

Competition in the cosmetics and beauty care products business could materially adversely affect the Company's net sales and its share of the mass retail channel and could have an adverse effect on the Company's business, fin

The cosmetics and beauty care products business is highly competitive. The Company competes primarily on the basis of:

- developing quality products with innovative performance features, shades, finishes and packaging;
- educating consumers on the Company's product benefits;
- anticipating and responding to changing consumer demands in a timely manner, including the timing of new product introductions and line extensions;
- offering attractively priced products, relative to the product benefits provided;

- maintaining favorable brand recognition;
- generating competitive margins and inventory turns for the Company's retail customers by providing relevant products and executing effective pricing, incentive and promotion programs;
- ensuring product availability through effective planning and replenishment collaboration with retailers;
- providing strong and effective advertising, marketing, promotion and merchandising support;
- maintaining an effective sales force; and
- obtaining and retaining sufficient retail display space, optimal in-store positioning and effective presentation of the Company's products at retail.

An increase in the amount of competition that the Company faces could have a material adverse effect on its share of the mass retail channel and revenues. The Company experienced significant declines in its share in color cosmetics in

In addition, the Company competes against a number of multi-national manufacturers, some of which are larger and have substantially greater resources than the Company, and which may therefore have the ability to spend more aggress

Additionally, the Company's major retail customers periodically assess the allocation of retail display space among competitors and in the course of doing so could elect to reduce the display space allocated to the Company's products, i

The Company's foreign operations are subject to a variety of social, political and economic risks and may be affected by foreign currency fluctuation, which could adversely affect the results of the Company's business, financial

As of December 31, 2007, the Company had operations based in 15 foreign countries and its products were sold throughout the world. The Company is exposed to the risk of changes in social, political and economic conditions inherent

In addition, fluctuations in foreign currency exchange rates may affect the results of the Company's operations and the value of its foreign assets, which in turn may adversely affect the Company's reported net sales and earnings and, ac

The Company’s net sales outside of the U.S. for the years ended December 31, 2007, 2006 and 2005 were approximately 43%, 43% and 41% of the Company’s total consolidated net sales, respectively. In addition, changes in the value c

Products Corporation enters into foreign currency forward exchange contracts to hedge certain cash flows denominated in foreign currency. At December 31, 2007, the notional amount of Products Corporation’s foreign currency forwar

Terrorist attacks, acts of war or military actions may adversely affect the markets in which the Company operates and the Company’s business, financial condition and/or results of operations.

On September 11, 2001, the U.S. was the target of terrorist attacks of unprecedented scope. These attacks contributed to major instability in the U.S. and other financial markets and reduced consumer confidence. These terrorist attacks,

The Company’s products are subject to federal, state and international regulations that could adversely affect the Company’s business, financial condition and/or results of operations.

The Company is subject to regulation by the FTC and the FDA, in the U.S., as well as various other federal, state, local and foreign regulatory authorities, including the EU in Europe. The Company’s Oxford, North Carolina manufactur

Shares of Revlon, Inc. Class A Common Stock and Products Corporation’s capital stock are pledged to secure various of Revlon, Inc.’s and/or other of the Company’s affiliates’ obligations and foreclosure upon these shares or c

All of Products Corporation’s shares of common stock are pledged to secure Revlon, Inc.’s guarantee under the 2006 Credit Agreements. MacAndrews & Forbes has advised the Company that it has pledged shares of Revlon, Inc.’s Clas

A foreclosure upon any such shares of common stock or dispositions of shares of Revlon, Inc.’s Class A Common Stock, Products Corporation’s common stock or stock of intermediate holding companies beneficially owned by MacAnc accelerate amounts outstanding under the 2006 Credit Facilities. In addition, holders of the 9½% Senior Notes may require Products Corporation to repurchase their respective notes under those circumstances. Upon a change of control, Prod

Products Corporation may not have sufficient funds at the time of any such change of control to repay in full the borrowings under the 2006 Credit Facilities or to repurchase or redeem the 9½% Senior Notes and/or repay the MacAndre

MacAndrews & Forbes has the power to direct and control the Company's business.

MacAndrews & Forbes is wholly-owned by Ronald O. Perelman. Mr. Perelman, directly and through MacAndrews & Forbes, beneficially owned, at December 31, 2007, approximately 60% of Revlon, Inc.'s outstanding Common Stock

Delaware law, provisions of the Company's governing documents and the fact that the Company is a controlled company could make a third-party acquisition of the Company difficult.

The Company is a Delaware corporation. The Delaware General Corporation Law contains provisions that could make it more difficult for a third party to acquire control of the Company. MacAndrews & Forbes controls the vote on all

The Company's certificate of incorporation makes available additional authorized shares of Class A Common Stock for issuance from time to time at the discretion of the Company's Board of Directors without further action by the Com

This flexibility to authorize and issue additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital and corporate acquisitions. These provisions, however, or MacAndre

Future sales or issuances of Class A Common Stock or the Company's issuance of other equity securities may depress the Company's stock price or dilute existing stockholders.

No prediction can be made as to the effect, if any, that future sales of Class A Common Stock, or the availability of Class A Common Stock for future sales, will have on the market price of the Company's Class A Common Stock. Sales

In addition, as stated above, the Company's certificate of incorporation makes available additional authorized shares of Class A Common Stock for issuance from time to time at the discretion of the Company's Board of Directors witho

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The following table sets forth, as of December 31, 2007, the Company's major manufacturing, research and warehouse/distribution facilities, all of which are owned except where otherwise noted.

Location	Use	Approximate Floor Space Sq. Ft.
Oxford, North Carolina	Manufacturing, warehousing, distribution and office(a)	1,012,000
Edison, New Jersey	Research and office (leased)	123,000
Mexico City, Mexico	Manufacturing, distribution and office	150,000
Caracas, Venezuela	Manufacturing, distribution and office	145,000
Mississauga, Canada	Warehousing, distribution and office (leased)	195,000
Rietfontein, South Africa	Warehousing, distribution and office (leased)	120,000
Canberra, Australia	Warehousing, distribution and office (leased)	125,000
Isando, South Africa	Manufacturing, warehousing, distribution and office	94,000
Stone, United Kingdom	Warehousing and distribution (leased)	92,000

(a) Property subject to liens under the 2006 Credit Agreements.

In addition to the facilities described above, the Company owns and leases additional facilities in various areas throughout the world, including the lease for the Company's executive offices in New York, New York (approximately 76,5

Item 3. Legal Proceedings

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

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

On November 2, 2007, MacAndrews & Forbes delivered to Revlon, Inc. an executed written stockholder consent approving the amendment and restatement of Revlon, Inc.'s Stock Plan (as hereinafter defined). Reference is made to the

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

MacAndrews & Forbes, which is wholly-owned by Ronald O. Perelman, at December 31, 2007 beneficially owned (i) 276,732,040 shares of Class A Common Stock (20,819,333 of which were owned by REV Holdings, 252,877,707 of

Based on the shares referenced in clauses (i) and (ii) above, and including Mr. Perelman’s vested stock options, Mr. Perelman, directly and indirectly, through MacAndrews & Forbes, at December 31, 2007, beneficially owned approxim

Revlon, Inc.’s Class A Common Stock is listed and traded on the New York Stock Exchange (the ‘‘NYSE’’). As of December 31, 2007, there were 932 holders of record of Class A Common Stock. No cash dividends were declared or pa

The table below shows the high and low quarterly stock prices of Revlon, Inc.’s Class A Common Stock on the NYSE consolidated tape for the years ended December 31, 2007 and 2006.

	Year Ended December 31, 2007(a)			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
High	$ 1.49	$ 1.46	$ 1.38	$ 1.26
Low	1.05	1.04	1.03	1.00

	Year Ended December 31, 2006(a)			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
High	$ 3.74	$ 3.61	$ 1.45	$ 1.71
Low	3.00	1.24	0.87	1.11

(a) Represents the closing price per share of Revlon, Inc.’s Class A Common Stock on the NYSE consolidated tape. The Company’s stock trading symbol is ‘‘REV’’.

For information on securities authorized for issuance under the Company’s equity compensation plans, see ‘‘Item 12 — Security Ownership of Certain Beneficial Owners and Related Stockholder Matters’’.

Item 6. Selected Financial Data

The Consolidated Statements of Operations Data for each of the years in the five-year period ended December 31, 2007 and the Balance Sheet Data as of December 31, 2007, 2006, 2005, 2004 and 2003 are derived from the Company's

	Year Ended December 31, (in millions, except per share amounts)				
	2007(a)	2006(b)	2005(c)	2004	2003(d)
Statement of Operations Data:					
Net sales	$ 1,400.1	$ 1,331.4	$ 1,332.3	$ 1,297.2	$ 1,299.3
Gross profit	877.2	785.9	824.2	811.9	798.2
Selling, general and administrative expenses	748.9	808.7	757.8	717.6	770.9
Restructuring costs and other, net	7.3	27.4	1.5	5.8	6.0
Operating income (loss)	121.0	(50.2)	64.9	88.5	21.3
Interest Expense	136.3	148.8	130.0	130.8	174.5
Loss on early extinguishment of debt	0.1	23.5	9.0(e)	90.7(f)	—
Loss from continuing operations	(16.1)	(251.3)	(83.7)	(142.5)	(153.8)
Basic and diluted loss from continuing operations per common share	$ (0.03)	$ (0.60)	$ (0.22)	$ (0.46)	$ (2.37)
Weighted average number of common shares outstanding (in millions):(g)					
Basic and diluted	504.4	417.1	385.6	312.8	64.8

	Year Ended December 31, (in millions)				
	2007(a)	2006(b)	2005(c)	2004	2003(d)
Balance Sheet Data:					
Total assets	$ 889.3	$ 931.9	$ 1,043.7	$ 1,000.5	$ 892.2
Total indebtedness	1,441.0	1,511.4	1,422.4	1,355.3	1,897.5
Total stockholders' deficiency	(1,082.0)	(1,229.8)	(1,095.9)	(1,019.9)	(1,725.6)

(a) Results for 2007 include restructuring charges of approximately $4.4 million and $2.9 million in connection with the 2006 Programs and the 2007 Programs, respectively.

(b) Results for 2006 include charges of $9.4 million in connection with the departure of Mr. Jack Stahl, the Company's former President and Chief Executive Officer, in September 2006 (including $6.2 million for severance and related costs and $3.2 million for the accelerated amortization of Mr. Stahl's unvested options and unvested restricted stock), $60.4 million in connection with the discontinuance of the **Vital Radiance** brand and restructuring charges of approximately $27.6 million in connection with the 2006 Programs.

(c) Results for 2005 include expenses of approximately $44 million in incremental returns and allowances and approximately $7 million in accelerated amortization cost of certain permanent displays related to the launch of **Vital Radiance** and the re-stage of the **Almay** brand.

(d) Results for 2003 include expenses of approximately $31.0 million related to the accelerated implementation of the stabilization and growth phase of the Company's prior plan.

(e) The loss on early extinguishment of debt for 2005 includes: (i) a $5.0 million prepayment fee related to the prepayment in March 2005 of $100.0 million of indebtedness outstanding under the 2004 Term Loan Facility of the 2004 Credit Agreement with a portion of the proceeds from the issuance of Products Corporation's Original 9½% Senior Notes (as defined in Note 8 ''Long Term Debt'' to the Consolidated Financial Statements) and (ii) the aggregate $1.5 million loss on the redemption of all of Products Corporation's 8⅛% Senior Notes and 9% Senior Notes (each as hereinafter defined) in April 2005, as well as the write-off of the portion of deferred financing costs related to such prepaid amount.

(f) Represents the loss on the exchange of equity for certain indebtedness in the Revlon Exchange Transactions (as defined in Note 8 ''Long Term Debt'' to the Consolidated Financial Statements) and fees, expenses, premiums and the write-off of deferred financing costs related to the Revlon Exchange Transactions, the tender for and redemption of all of Products Corporation's 12% Senior Secured Notes due 2005 (including the applicable premium) and the repayment of the 2001 Credit Agreement.

(g) Represents the weighted average number of common shares outstanding for the period. Upon consummation of Revlon, Inc.'s rights offering in 2003, the fair value, based on NYSE closing price of Revlon, Inc.'s Class A Common Stock was more than the subscription price. Accordingly, basic and diluted loss per common share have been restated for all periods prior to the rights offering in 2003 to reflect the stock dividend of 1,262,328 shares of Class A Common Stock. On March 25, 2004, in connection with the Revlon Exchange Transactions, Revlon, Inc. issued 299,969,493 shares of Class A Common Stock. (See Note 8 ''Long-Term Debt'' to the Consolidated Financial Statements). The shares issued in the Revlon Exchange Transactions are included in the weighted average number of shares outsta nding since the date of the respective transactions. In addition, upon consummation of Revlon, Inc.'s $110 Million Rights Offering in March 2006, the fair value, based on NYSE closing price of Revlon, Inc.'s Class A Common Stock was more than the subscription price. Accordingly, basic and diluted loss per common share have been restated for all periods prior to the $110 Million Rights Offering in March 2006 to reflect the stock dividend of 2,968,636 shares of Class A Common Stock. In addition, upon consummation of Revlon, Inc.'s $100 Million Rights Offering in January 2007, the fair value, based on NYSE closing price of Revlon, Inc.'s Class A Common Stock on the consummation date was more than the subscription price. Accordingly, the basic and diluted loss per common share have been restated for all prior periods prior to the $100 Million Rights Offering to reflect the implied stock dividend of 11,715,499 shares.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Overview of the Business

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

Revlon, Inc. (and together with its subsidiaries, the ''Company'') conducts its business exclusively through its direct wholly-owned operating subsidiary, Revlon Consumer Products Corporation and its subsidiaries (''Products Corporati

The Company operates in a single segment and manufactures, markets and sells an extensive array of cosmetics, women's hair color, beauty tools, fragrances, skincare, anti-perspirants/deodorants and personal care products. The Compa

For additional information regarding our business, see ''Part 1 — Business'' of this Annual Report on Form 10-K.

Restructuring Programs

During 2007, the Company implemented several restructuring plans designed to reduce costs and improve the Company's operating profit margins, including the consolidation of facilities and certain functions, principally the closure of

During 2007, the Company recorded restructuring charges of $7.3 million, consisting of commissions of $2.8 million related to vacating a portion of leased space in the Company's New York City headquarters, as well as employee seve

Overview of Sales and Earnings Results

Consolidated net sales in 2007 increased $68.7 million, or 5.2%, to $1,400.1 million, as compared with $1,331.4 million in 2006. Excluding the favorable impact of foreign currency fluctuations, consolidated net sales increased by $42.8

In the United States, net sales for 2007 increased $39.3 million, or 5.1%, to $804.2 million, from $764.9 million in 2006. Net sales in the U.S. for 2006 were reduced by approximately $20 million due to **Vital Radiance**. Excluding the i

In the Company's international operations, net sales for 2007 increased $29.4 million, or 5.2%, to $595.9 million, from $566.5 million in 2006. Foreign currency fluctuations favorably impacted net sales in 2007 by $25.9 million. Excluc higher shipments in the Asia Pacific region, partially offset by lower shipments in the Europe region, particularly in Canada. Net sales in Canada in 2006 were positively impacted by certain promotional programs in color cosmetics and the r

Consolidated net loss in 2007 decreased by $235.2 million to $16.1 million, as compared with a consolidated net loss of $251.3 million in 2006. The decrease in net loss in 2007 was primarily due to:

- higher net sales, including the impact of significantly lower returns expense (as the 2006 period included charges for estimated returns of **Vital Radiance** due to its discontinuance in September 2006) and higher shipments of beauty care products in 2007;
- lower selling, general and administrative expenses (‘‘SG&A’’), primarily due to the Company’s 2006 and 2007 organizational realignment and streamlining activities, which resulted in lower personnel-related expenses and lower occupancy expenses (primarily the Company’s exit of a portion of its New York City headquarters leased space, including a benefit of $4.4 million related to the reversal of a deferred rental liability upon exit of the space in the first quarter of 2007);
- lower cost of sales (primarily due to lower estimated excess inventory charges, as the 2006 period included estimated excess inventory charges related to **Vital Radiance** and **Almay**);
- lower restructuring costs; and
- lower interest expense due to the impact of lower average borrowing rates on comparable debt levels.

In addition, the net loss in 2006 was negatively impacted by a charge of $23.5 million related to the early extinguishment of debt in connection with the repayment of a portion of the $8^5/_8$% Senior Subordinated Notes.

Overview of AC Nielsen-measured Retail Channel U.S. Share Data

In terms of the U.S. share performance, the U.S. color cosmetics category for the full year 2007 increased approximately 0.3% versus 2006. Combined U.S. share for the **Revlon**, **Almay** and **Vital Radiance** (which was discontinued in S

	$ Share %		
	2007	2006	Point Change
Total Company Color Cosmetics*	19.2%	21.5%	(2.3)
Revlon Brand	13.0	14.0	(1.0)
Almay Brand	6.0	6.2	(0.2)
Vital Radiance Brand (Discontinued)	0.2	1.2	(1.0)
Total Company Women’s Hair Color	11.2	9.2	2.0
Total Company Anti-perspirants/deodorants	5.9	6.2	(0.3)
Revlon Beauty Tools	23.6	26.1	(2.5)

* Compared to the year ago period, the **Revlon** brand experienced a share decline, which reflects a decrease in share by products launched in prior years, partially offset by performance in 2007 from new products launched in the second half of 2006 and during 2007. Since September 2006, following the Company’s decision to discontinue **Vital Radiance**, the Company’s strategy has been to fully focus its efforts on building and leveraging its established brands, particularly the Revlon brand.

All U.S. share and related data herein for the Company’s brands are based upon retail dollar sales, which are derived from ACNielsen data. ACNielsen measures retail sales volume of products sold in the U.S. mass retail channel. Such d

Table of Contents

Overview of Financing Activities

During 2007 and in early 2008, the Company successfully completed the following financing transactions:

- **$100 Million Rights Offering:** In January 2007 Revlon, Inc. completed the $100 Million Rights Offering, which it launched in December 2006 and used the proceeds from such offering to further reduce Products Corporation's debt. Revlon, Inc. promptly transferred the proceeds from the $100 Million Rights Offering to Products Corporation, which it used to redeem $50.0 million in aggregate principal amount of its 8$^{5}/_{8}$% Senior Subordinated Notes (the balance of which was repaid in full in February 2008), and repay approximately $43.3 million of indebtedness outstanding under Products Corporation's 2006 Revolving Credit Facility, without any permanent reduction of that commitment, after incurring approximately $1.1 million of fees and expenses incurred in connection with such rights offering, with approximately $5 million of the remaining net proceeds being available for general corporate purposes. (See ''Financial Condition, Liquidity and Capital Resources — 2006 and 2007 Refinancing Transactions'').

- **MacAndrews & Forbes Senior Subordinated Term Loan:** In January 2008, Products Corporation entered into its previously-announced $170 million MacAndrews & Forbes Senior Subordinated Term Loan Agreement. On Feb 8$^{5}/_{8}$% Senior Subordinated Notes, which matured on February 1, 2008, and to pay certain related fees and expenses, including the payment to MacAndrews & Forbes of a facility fee of $2.55 million (or 1.5% of the total aggregate p

Results of Operations

Year ended December 31, 2007 compared with the year ended December 31, 2006

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

Net sales:

Consolidated net sales in 2007 increased $68.7 million, or 5.2%, to $1,400.1, as compared with $1,331.4 million in 2006. Excluding the favorable impact of foreign currency fluctuations, consolidated net sales increased by $42.8 millior

	Year Ended December 31,		Change		XFX Change(1)	
	2007	2006	$	%	$	%
United States	$ 804.2	$ 764.9	$ 39.3	5.1%	$ 39.3	5.1%
Asia Pacific	255.6	237.7	17.9	7.5	11.7	4.9
Europe	211.1	204.2	6.9	3.4	(9.0)	(4.4)
Latin America	129.2	124.6	4.6	3.7	0.8	0.7
Total International	$ 595.9	$ 566.5	$ 29.4	5.2%	$ 3.5	0.6%
	$ 1,400.1	$ 1,331.4	$ 68.7	5.2%	$ 42.8	3.2%

(1) XFX excludes the impact of foreign currency fluctuations.

United States

In the United States, net sales for 2007 increased by $39.3 million, or 5.1%, to $804.2 million, from $764.9 million in 2006. Net sales in the U.S. for 2006 were reduced by approximately $20 million due to **Vital Radiance**. Excluding th

International

In the Company's international operations, foreign currency fluctuations favorably impacted net sales in 2007 by $25.9 million. Excluding the impact of foreign currency fluctuations, the $3.5 million increase in net sales in 2007 in the C

In Asia Pacific, which is comprised of Asia Pacific and Africa, the increase in net sales, excluding the favorable impact of foreign currency fluctuations, was due primarily to higher shipments in South Africa, and to a lesser extent, Aust

In Europe, which is comprised of Europe, Canada and the Middle East, the decrease in net sales, excluding the favorable impact of foreign currency fluctuations, was due primarily to lower shipments of color cosmetics and beauty care

In Latin America, which is comprised of Mexico, Central America and South America, the increase in net sales, excluding the favorable impact of foreign currency fluctuations, was driven primarily by higher shipments in Venezuela an

Gross profit:

	Year Ended December 31,		
	2007	2006	Change
Gross profit	$ 877.2	$ 785.9	$ 91.3

The increase in gross profit for 2007 compared to 2006 was primarily due to:

- higher net sales including the impact of approximately $64.4 million of charges for estimated returns and allowances recorded in 2006 related to the **Vital Radiance** brand, which was discontinued in September 2006;
- lower cost of sales percentage in 2007 compared to 2006, primarily as a result of lower estimated excess inventory charges of $31.0 million in 2007 compared to 2006 resulting from estimated excess inventory charges in 2006 related to the **Vital Radiance**, **Almay** and **Revlon** brands, which were partially offset by unfavorable chang es in sales mix and lower production volume in 2007; and
- approximately $3.5 million of higher licensing revenues in 2007 compared to 2006.

SG&A expenses:

	Year Ended December 31, 2007	2006	Change
SG&A expenses	$ 748.9	$ 808.7	$ 59.8

The decrease in SG&A expenses for 2007 compared to 2006 was driven primarily by:

- approximately $25.2 million of lower general and administrative expenses, primarily related to the impact of the Company’s 2006 and 2007 organizational realignment and streamlining activities, which resulted in lower personnel-related expenses and occupancy expenses. Occupancy expenses were lower by $8.1 million, primarily related to the Company’s exit of a portion of its New York City headquarters leased space, including a benefit of $4.4 million related to the reversal of a deferred rental liability upon exit of the space in the first quarter of 2007;
- approximately $15.2 million of lower display amortization expenses in 2007 compared to 2006, which included $8.9 million of charges related to the accelerated amortization and write-off of certain displays in connection with the discontinuance of the **Vital Radiance** brand, as well as additional display amortization costs in 2006 of $8.3 million related to the **Vital Radiance** brand prior to its discontinuance in September 2006;
- approximately $12.0 million of lower brand support in 2007 compared to 2006, including brand support of $36.4 million for the **Vital Radiance** brand in 2006, partially offset by higher advertising spending in 2007 on the Company’s core brands; and
- $9.4 million of severance and accelerated charges recorded in 2006 related to unvested options and unvested restricted stock in connection with the termination of the former CEO’s employment in September 2006.

Restructuring costs:

	Year Ended December 31, 2007	2006	Change
Restructuring costs and other, net	$ 7.3	$ 27.4	$ 20.1

In 2007, the Company recorded $7.3 million in restructuring expenses for vacating leased space, employee severance and other employee-related termination costs. (See Note 2 ‘‘Restructuring Costs and Other, Net’’ to the Consolidated

During 2007, the Company implemented the 2007 Programs, which consisted of the closure of the Company’s Irvington facility and personnel reductions within the Company’s Information Management (IM) function and the sales forc

In connection with the 2006 Programs, the Company recorded charges of approximately $32.9 million in 2006 and $5.0 million in 2007, respectively. Of the total $37.9 million of charges related to the 2006 Programs, approximately $3

February 2007. These space reductions are resulting in savings in rental and related expense, while allowing the Company to maintain its corporate offices in a smaller, more efficient space, reflecting its streamlined organization.

The Company's 2006 Programs and 2007 Programs collectively reduced the Company's annualized cost base by approximately $55 million from previous levels, which primarily benefited SG&A and cost of sales.

Other expenses (income):

	Year Ended December 31,		
	2007	2006	Change
Interest expenses	$ 136.3	$ 148.8	$ 12.5

The decrease in interest expenses for 2007 compared to 2006 was primarily due to lower average borrowing rates on comparable debt levels (See Note 8 ''Long-Term Debt'' to the Consolidated Financial Statements).

	Year Ended December 31,		
	2007	2006	Change
Loss on early extinguishment of debt	$ 0.1	$ 23.5	$ 23.4

For 2007, the loss on early extinguishment of debt represents the loss on the redemption in February 2007 of approximately $50 million in aggregate principal amount of Products Corporation's 8$^{5}/_{8}$% Senior Subordinated Notes (See ''R

	Year Ended December 31,		
	2007	2006	Change
Miscellaneous (income) expense, net	$ (1.8)	$ 3.8	$ 5.6

During 2007, the Company recognized $1.3 million of income in connection with a resolution of a non-income tax matter in Brazil. In 2006, the Company incurred fees and expenses associated with the various amendments to Products

Provision for income taxes:

	Year Ended December 31,		
	2007	2006	Change
Provision for income taxes	$ 8.0	$ 20.1	$ 12.1

The decrease in the provision for income taxes in 2007, as compared with 2006, was primarily attributable to the reduction of $5.9 million of reserves for certain contingent tax liabilities to reflect the favorable resolution of various inter

Year Ended December 31, 2006 compared with the year ended December 31, 2005

In the tables, numbers in parenthesis ( ) denote unfavorable variances. Certain prior year amounts were reclassified to conform to the current period's presentation, including the transfer, during the second quarter of 2006, of managemen

Net sales:

Consolidated net sales in 2006 were essentially even at $1,331.4 million, as compared to $1,332.3 million in 2005.

	Year Ended December 31, 2006	Year Ended December 31, 2005	Change $	Change %	XFX Change(1) $	XFX Change(1) %
United States	$ 764.9	$ 788.3	$ (23.4)	(3.0)%	$ (23.4)	(3.0)%
Asia Pacific	237.7	242.6	(4.9)	(2.0)	2.3	1.0
Europe	204.2	193.8	10.4	5.4	3.9	2.0
Latin America	124.6	107.6	16.9	15.7	13.6	12.6
Total International	$ 566.5	$ 544.0	$ 22.5	4.1%	$ 19.8	3.6%
	$ 1,331.4	$ 1,332.3	$ (0.9)	(0.1)%	$ (3.6)	(0.3)%

(1) XFX excludes the impact of foreign currency fluctuations.

United States

In the U.S., the decrease in net sales for 2006 compared to 2005 was primarily due to the discountinance in September 2006 of the **Vital Radiance** brand, which launched in 2005, partially offset by higher net sales of **Revlon** and **Almay**

International

Excluding the impact of foreign currency fluctuations, international net sales increased by $19.8 million, or 3.6%, in 2006, as compared with 2005. The increase in net sales in 2006 in the Company's international operations, as compare

In Asia Pacific, which is comprised of Asia Pacific and Africa, the increase in net sales, excluding the impact of foreign currency fluctuations, was driven by South Africa, Australia and China (which together contributed to an approxim

In Europe, which is comprised of Europe, Canada and the Middle East, the increase in net sales, excluding the impact of foreign currency fluctuations, was due to the U.K. and Canada (which together contributed to an approximate 3.5 p

In Latin America, the increase in net sales, excluding the impact of foreign currency fluctuations, was driven primarily by Venezuela, Mexico and certain distributor markets (which together contributed approximately 10.8 percentage po

Gross profit:

	Year Ended December 31, 2006	Year Ended December 31, 2005	Change
Gross profit	$ 785.9	$ 824.2	$ (38.3)

The decrease in gross profit for 2006 compared to 2005 was primarily due to:

- approximately $30.9 million of higher allowances in 2006, primarily to support the launch of **Vital Radiance** (which was discontinued in September 2006); and

- approximately $15.8 million of higher estimated excess inventory charges related to **Vital Radiance**, $5.5 million of estimated excess inventory charges related to certain **Almay** products, and additional estimated excess inventory charges of $2.7 million related to a promotional program.

The decrease in gross profit in 2006 compared to 2005 was partially offset by lower returns of non-**Vital Radiance** products and the higher dollar value of shipments in 2006 compared to 2005.

SG&A expenses:

	Year Ended December 31,		
	2006	2005	Change
SG&A expenses	$ 808.7	$ 757.8	$ (50.9)

The increase in SG&A expenses for 2006 compared to 2005 was due in large part to:

- approximately $41.0 million of higher brand support in 2006 compared to 2005, primarily due to higher advertising and consumer promotion in connection with the complete re-stage of the **Almay** brand and the **Vital Radiance** brand before its discontinuance in September 2006;
- approximately $12.7 million of higher display amortization costs related to **Almay** and **Vital Radiance** in 2006 compared to 2005;
- the $8.9 million write-off in 2006 of certain displays, in each case in connection with the discontinuance of the **Vital Radiance** brand and $2.9 million of charges related to the write-off of certain advertising, marketing and promotional materials and software and the accelerated display amortization;
- $6.2 million and $3.2 million, respectively, of severance-related and accelerated amortization charges related to unvested options and unvested restricted stock, in each case in connection with the termination of the former CEO’s employment in September 2006; and
- approximately $5.6 million of amortization expenses for stock options, resulting from the Company’s adoption of SFAS No. 123(R) effective as of January 1, 2006.

These increases were partially offset by approximately $26.7 million of reductions principally in personnel, travel, professional services and other general and administrative expenses.

Restructuring costs:

	Year Ended December 31,		
	2006	2005	Change
Restructuring costs and other, net	$ 27.4	$ 1.5	$ (25.9)

In 2006, the Company recorded $27.4 million in restructuring expenses for employee severance and employee-related termination costs (See Note 2 ‘‘Restructuring Costs and Other, Net’’ to the Consolidated Financial Statements regard

Other expenses (income):

	Year Ended December 31,		
	2006	2005	Change
Interest expenses	$ 148.8	$ 130.0	$ (18.8)

The increase in interest expenses for 2006 compared to 2005 was primarily due to higher average interest rates and higher outstanding borrowings (See Note 8 ‘‘Long-Term Debt’’ to the Consolidated Financial Statements).

	Year Ended December 31,		
	2006	2005	Change
Loss on early extinguishment of debt	$ 23.5	$ 9.0	$ (14.5)

For 2006, the loss on early extinguishment of debt represents the write-off of the portion of deferred financing costs and the pre-payment fee associated with the refinancing of Products Corporation's 2004 Credit Agreement with the 200

	Year Ended December 31,		
	2006	2005	Change
Miscellaneous expense (income), net	$ 3.8	$ (0.5)	$ (4.3)

The increase in miscellaneous, net for 2006, as compared with 2005, is primarily due to fees and expenses associated with the various amendments to Products Corporation's 2004 Credit Agreement. See Note 8 ''Long-Term Debt — Other T

Provision for income taxes:

	Year Ended December 31,		
	2006	2005	Change
Provision for income taxes	$ 20.1	$ 8.5	$ (11.6)

The increase in the provision for income taxes in 2006, as compared with 2005, was primarily attributable to higher taxable income in certain markets outside the U.S., a tax on the cash repatriation of dividends from a foreign subsidiary

Financial Condition, Liquidity and Capital Resources

Net cash provided by (used in) operating activities was $3.8 million, $(138.7) million and $(139.7) million for 2007, 2006 and 2005, respectively. This improvement in 2007 compared to 2006 was primarily due to lower net loss and dec

Net cash used in investing activities was $(17.6) million, $(22.4) million and $(15.8) million for 2007, 2006 and 2005, respectively, in each case for capital expenditures.

Net cash provided by financing activities was $24.6 million, $163.2 million and $67.6 million for 2007, 2006 and 2005, respectively. Net cash provided by financing activities for 2007 included net proceeds of $98.9 million from Revlo repaid in full in February 2008 — See ''Recent Developments''), including $0.3 million of accrued and unpaid interest up to, but not including, the redemption date. The remainder of such proceeds was used in January 2007 to repay approxi

Net cash provided by financing activities for 2006 included net proceeds of $107.2 million from Revlon, Inc.'s issuance in March 2006 of Class A Common Stock in the $110 Million Rights Offering, borrowings during the second and t

The net proceeds from the $110 Million Rights Offering were promptly transferred to Products Corporation, which it used in April 2006, together with available cash, to redeem $109.7 million aggregate principal amount of its 8⅝% Se

Net cash provided by financing activities for 2005 included proceeds of $386.2 million from Products Corporation's issuance of its 9½% Senior Notes, which was used to (i) prepay $100.0 million of indebtedness under the 2004 Term L

At January 31, 2008, Products Corporation had a liquidity position (excluding cash in compensating balance accounts) of approximately $185.7 million, consisting of cash and cash equivalents (net of any outstanding checks) of approxi

Credit Agreement Refinancing

In July 2004, Products Corporation entered into a credit agreement (the ''2004 Credit Agreement'') with certain of its subsidiaries as local borrowing subsidiaries, a syndicate of lenders, Citicorp USA, Inc., as multi-currency administrat

The 2004 Credit Agreement originally provided up to $960.0 million and consisted of a term loan facility of $800.0 million (the ''2004 Term Loan Facility'') and a $160.0 million multi-currency revolving credit facility, the availability u based upon 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 (the ‘‘2004 Multi-Currency Facility’’).

On December 20, 2006, Products Corporation replaced the $800 million 2004 Term Loan Facility under its 2004 Credit Agreement with a 5-year, $840 million 2006 Term Loan Facility pursuant to the 2006 Term Loan Agreement, dated

Among other things, the 2006 Credit Facilities extended the maturity dates for Products Corporation’s bank credit facilities from July 9, 2009 to January 15, 2012 in the case of the 2006 Revolving Credit Agreement and from July 9, 201

Availability under the 2006 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 equipm

In each case subject to borrowing base availability, the 2006 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 million;

(iii) Products Corporation in standby and commercial letters of credit denominated in U.S. dollars and other currencies up to $60 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.

If the value of the eligible assets is not sufficient to support a $160 million borrowing base under the 2006 Revolving Credit Facility, Products Corporation will not have full access to the 2006 Revolving Credit Facility. Products Corpora

Borrowings under the 2006 Revolving Credit Facility (other than loans in foreign currencies) bear interest at a rate equal to, at Products Corporation’s option, either (i) the Eurodollar Rate plus 2.00% per annum or (ii) the Alternate Base

The 2006 Term Loan Facility consists of a $840 million term loan, which was drawn in full on the December 20, 2006 closing date, with the proceeds used to repay in full the approximately $798 million of outstanding term loans under

Under the 2006 Term Loan Facility, Eurodollar Loans bear interest at the Eurodollar Rate plus 4.00% per annum and Alternate Base Rate loans bear interest at the Alternate Base Rate plus 3.00% per annum (reducing the applicable mar applicable under the previous 2004 Credit Agreement). At December 31, 2007, the effective weighted average interest rate for borrowings under the 2006 Term Loan Facility was 9.2%. (See ''Financial Condition, Liquidity and Capital Reso

The 2006 Credit Facilities are supported by, among other things, guarantees from Revlon, Inc. and, subject to certain limited exceptions, the domestic subsidiaries of Products Corporation. The obligations of Products Corporation under

(i) mortgages on owned real property, including Products Corporation's facility in Oxford, North Carolina and property in Irvington, New Jersey;

(ii) the capital stock of Products Corporation and the subsidiary guarantors and 66% of the capital stock of Products Corporation's and the subsidiary guarantors' first-tier foreign subsidiaries;

(iii) intellectual property and other intangible property of Products Corporation and the subsidiary guarantors; and

(iv) inventory, accounts receivable, equipment, investment property and deposit accounts of Products Corporation and the subsidiary guarantors.

The liens on, among other things, inventory, accounts receivable, deposit accounts, investment property (other than the capital stock of Products Corporation and its subsidiaries), real property, equipment, fixtures and certain intangible p

Each of the 2006 Credit Facilities contains 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 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 Stock Plan (as hereinafter defined) and/or the payment of withholding taxes in connection with the vesting of restricted stock awards under such plan, and

(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;

(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 affiliates of Products Corporation other than upon terms no less favorable to Products Corporation or its subsidiaries than it would obtain in an arms’ length transaction.

In addition to the foregoing, the 2006 Term Loan Facility contains a financial covenant limiting Products Corporation’s senior secured leverage ratio (the ratio of Products Corporation’s Senior Secured Debt (excluding debt outstanding u

Under certain circumstances if and when the difference between (i) the borrowing base under the 2006 Revolving Credit Facility and (ii) the amounts outstanding under the 2006 Revolving Credit Facility is less than $20.0 million for a p

The events of default under each 2006 Credit Facility include customary events of default for such types of agreements, including:

(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 such 2006 Credit Facility 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 Products Corporation’s 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 $5.0 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 $5.0 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 2006 Term Loan Facility, a cross default under the 2006 Revolving Credit Facility, and in the case of the 2006 Revolving Credit Facility, a cross default under the 2006 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 or persons owns, directly or indirectly, more than 35% of the total voting power of Products Corporation, (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 66$^2/_3$% of such continuing directors) shall cease to be a majority of the directors;

(viii) the failure by Revlon, Inc. to contribute to Products Corporation all of the net proceeds it receives from any other sale of its equity securities or Products Corporation’s capital stock, subject to certain limited exceptions;

(ix) the failure of any of Products Corporation’s, its subsidiaries’ or Revlon, Inc.’s representations or warranties in any of the documents entered into in connection with the 2006 Credit Facility to be correct, true and not misleading in all material respects when made or confirmed;

(x) the conduct by Revlon, Inc. of any meaningful business activities other than those that are customary for a publicly traded holding company which is not itself an operating company, including the ownership of meaningful assets (other than Products Corporation’s capital stock) or the incurrence of debt, in each case subject to limited exceptions;

(xi) any M&F Lenders’ failure to fund any binding commitments by such M&F Lender under any agreement governing certain loans from the M&F Lenders (excluding the MacAndrews & Forbes Senior Subordinated Term Loan which was fully funded by MacAndrews & Forbes in February 2008); and

(xii) the failure of certain of Products Corporation’s 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.

If Products Corporation is in default under the senior secured leverage ratio under the 2006 Term Loan Facility or the consolidated fixed charge coverage ratio under the 2006 Revolving Credit Facility, Products Corporation may cure su

Products Corporation was in compliance with all applicable covenants under the 2006 Credit Agreements as of December 31, 2007. At January 31, 2008, the 2006 Term Loan Facility was fully drawn and availability under the $160.0 m

2004 Consolidated MacAndrews & Forbes Line of Credit

In July 2004, Products Corporation and MacAndrews & Forbes Inc. entered into a line of credit, with an initial commitment of $152.0 million, which was reduced to $87.0 million in July 2005 and reduced from $87.0 million to $50.0 m

Pursuant to a December 2006 amendment, upon consummation of the $100 Million Rights Offering, which was completed in January 2007, $50.0 million of the line of credit remained available to Products Corporation through January

(See ‘‘Recent Developments’’ describing Products Corporation’s full repayment of the balance of the 8$^5/_8$% Senior Subordinated Notes in February 2008 using the proceeds of the new $170 million

MacAndrews & Forbes Senior Subordinated Term Loan, as well as cash on hand to pay accrued and unpaid interest of approximately $7.2 million due on the 8⁵/₈% Senior Subordinated Notes).

2006 and 2007 Rights Offerings

$110 Million Rights Offering

In March 2006, Revlon, Inc. completed the $110 Million Rights Offering which allowed each stockholder of record of Revlon, Inc.'s Class A and Class B Common Stock as of the close of business on February 13, 2006, the record date

In completing the $110 Million Rights Offering, Revlon, Inc. issued an additional 39,285,714 shares of its Class A Common Stock, including 15,885,662 shares subscribed for by public shareholders (other than MacAndrews & Forbes)

$100 Million Rights Offering

In December 2006, Revlon, Inc. launched the $100 Million Rights Offering, which it completed in January 2007. The $100 Million Rights Offering allowed each stockholder of record of Revlon, Inc.'s Class A and Class B Common Sto

In completing the $100 Million Rights Offering, Revlon, Inc. issued an additional 95,238,095 shares of its Class A Common Stock, including 37,847,472 shares subscribed for by public shareholders (other than MacAndrews & Forbes)

2007 Refinancing Transactions

Upon completing, in January 2007, the $100 Million Rights Offering launched in December 2006, Revlon, Inc. promptly transferred the net proceeds to Products Corporation, which it used in February 2007 to redeem $50.0 million agg but not including, the redemption date. Products Corporation used the remainder of such proceeds in January 2007 to repay approximately $43.3 million of indebtedness outstanding under Products Corporation's 2006 Revolving Credit Facil

(See ''Recent Developments'' regarding Products Corporation's full repayment of the balance of the 8⁵⁄₈% Senior Subordinated Notes upon maturity on February 1, 2008).

Interest Rate Swap Transaction

In September 2007, Products Corporation executed a floating-to-fixed interest rate swap transaction with a notional amount of $150.0 million over a period of two years relating to indebtedness under Products Corporation's 2006 Term I

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 2006 Revolving Credit Agreement and other permitted lines of credit. The 2006 Credit Agreem

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, purchases of permanent wall displays, ca

The Company has undertaken, and continues to assess, refine and implement, a number of programs to efficiently manage its cash and working capital including, among other things, programs to carefully manage inventory levels, centr

Continuing to execute the Company's business strategy could include taking advantage of additional opportunities to reposition, repackage or reformulate one or more brands or product lines, launching additional new products, acquiring businesses or brands, further refining the Company's approach to retail merchandising and/or taking further actions to optimize its manufacturing, sourcing and organizational size and structure. Any of thes

The Company expects that operating revenues, cash on hand and funds available for borrowing under the 2006 Revolving Credit Agreement and other permitted lines of credit will be sufficient to enable the Company to cover its operati

However, there can be no assurance that such funds will be sufficient to meet the Company's cash requirements on a consolidated basis. If the Company's anticipated level of revenue growth is not achieved because of, for example, decr

In the event of a decrease in demand for the Company's products, reduced sales, lack of increases in demand and sales, changes in consumer purchasing habits, including with respect to shopping channels, retailer inventory managemen

(See Item 1A, ''Risk Factors — The Company's ability to service its debt and meet its cash requirements depends on many factors, including achieving anticipated levels of revenue and expenses. If such revenue or expense levels prove

If the Company is unable to satisfy its cash requirements from the sources identified above or comply with its debt covenants, the Company could be required to adopt one or more of the following alternatives:

- delaying the implementation of or revising certain aspects of the Company's business strategy;
- reducing or delaying purchases of wall displays or advertising or promotional expenses;

- reducing or delaying capital spending;
- delaying, reducing or revising the Company's restructuring programs;
- restructuring Products Corporation's indebtedness;
- selling assets or operations;
- seeking additional capital contributions and/or loans from MacAndrews & Forbes, the Company's other affiliates and/or third parties;
- selling additional Revlon, Inc. equity securities or debt securities of Revlon, Inc. or Products Corporation; or
- reducing other discretionary spending.

There can be no assurance that the Company would be able to take any of the actions referred to above because of a variety of commercial or market factors or constraints in Products Corporation's debt instruments, including, without li

Revlon, Inc., as a holding company, will be dependent on the earnings and cash flow of, and dividends and distributions from, Products Corporation to pay its expenses and to pay any cash dividend or distribution on Revlon, Inc.'s Class

As a result of dealing with suppliers and vendors in a number of foreign countries, Products Corporation enters into foreign currency forward exchange contracts and option contracts from time to time to hedge certain cash flows denom

Disclosures about Contractual Obligations and Commercial Commitments

The following table aggregates all contractual commitments and commercial obligations that affect the Company's financial condition and liquidity position as of December 31, 2007:

	Payments Due by Period (dollars in millions)				
Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**After 5 years**
Long-term Debt, including Current Portion(a)	$ 1,441.4	$ 173.9	$ 17.1	$ 1,250.4	$ —
Interest on Long-term Debt(b)	455.2	124.2	231.4	99.6	—
Capital Lease Obligations	3.4	1.4	1.8	0.2	—
Operating Leases	89.8	15.2	26.0	22.8	25.8
Purchase Obligations(c)	51.2	51.2	—	—	—
Other Long-term Obligations(d)	15.8	15.2	0.6	—	—
Total Contractual Cash Obligations	$ 2,056.8	$ 381.1	$ 276.9	$ 1,373.0	$ 25.8

(a) Includes approximately $167.4 million of aggregate principal amount of Products Corporation's $8\frac{5}{8}$% Senior Subordinated Notes which was repaid upon maturity on February 1, 2008 with the proceeds of the MacAndrews & Forbes Senior Subordinated Term Loan. Does not include the $170 million aggregate principal amount outstanding under the MacAndrews & Forbes Senior Subordinated Term Loan Agreement which Products Corporation entered into in January 2008, which is due in August 2009, and which was drawn in full on the February 1, 2008 repayment of the $8\frac{5}{8}$% Senior Subordinated Notes since it was not outstanding at December 31, 2007. (See ''Recent Developments'' regarding Products Corporation's full repayment of the balance of the $8\frac{5}{8}$% Senior Subordinated Notes upon maturity on February 1, 2008 using the proceeds of the MacAndrews & Forbes Senior Subordinated Term Loan, as well as cash on hand to pay accrued and unpaid interest of approximately $7.2 million due on the $8\frac{5}{8}$% Senior Subordinated Notes).

(b) Consists of interest primarily on the 9½% Senior Notes and on the $840 million term loan under the 2006 Term Loan Facility through the respective maturity dates based upon assumptions regarding the amount of debt outstanding under the 2006 Credit Agreements and assumed interest rates. In addition, this amount reflects the impact of the September 2007 interest rate swap transaction covering $150 million notional amount under the 2006 Term Loan Facility, which resulted in an effective weighted average interest rate of 9.2% on the 2006 Term Loan Facility as of December 31, 2007. (See ''Financial Condition, Liquidity and Capital Resources — Interest Rate Swap Transaction''). Does not include interest on the $170 million aggregate principal amount outstanding unde r the MacAndrews & Forbes Senior Subordinated Term Loan Agreement which Products Corporation entered into in January 2008 and which was drawn in full on the February 1, 2008 repayment of the balance of the $8\frac{5}{8}$% Senior Subordinated Notes. The MacAndrews & Forbes Senior Subordinated Term Loan matures on August 1, 2009 and bears interest at an annual rate of 11%, which is payable in arrears in cash on March 31, June 30, September 30 and December 31 of each year, commencing on March 31, 2008. (See ''Recent Developments'' regarding Products Corporation's full repayment of the balance of the $8\frac{5}{8}$% Senior Subordinated Notes upon maturity on February 1, 2008).

(c) Consists of purchase commitments for finished goods, raw materials, components and services pursuant to enforceable and legally binding obligations which include all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transactions.

(d) Consists primarily of obligations related to advertising contracts. Such amounts exclude employment agreements, severance and other contractual commitments, which severance and other contractual commitments related to restructuring are discussed under ''Restructuring Costs''.

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 Comp

Discussion of Critical Accounting Policies

In the ordinary course of its business, the Company has made a number of estimates and assumptions relating to the reporting of results of operations and financial condition in the preparation of its financial statements in conformity wit

Sales Returns:

The Company allows customers to return their unsold products when they meet certain company-established criteria as outlined in the Company's trade terms. The Company regularly reviews and revises, when deemed necessary, the Co

Returned products, which are recorded as inventories, are valued based upon the amount that the Company expects to realize upon their subsequent disposition. The physical condition and marketability of the returned products are the m

Trade Support Costs:

In order to support the retail trade, the Company has various performance-based arrangements with retailers to reimburse them for all or a portion of their promotional activities related to the Company's products. The Company regularly

Inventories:

Inventories are stated at the lower of cost or market value. Cost is principally determined by the first-in, first-out method. The Company records adjustments to the value of inventory based upon its forecasted plans to sell its inventories,

Property, Plant and Equipment and Other Assets:

Property, plant and equipment is recorded at cost and is depreciated on a straight-line basis over the estimated useful lives of such assets. Changes in circumstances such as technological advances, changes to the Company's business mo

Included in other assets are permanent wall displays, which are recorded at cost and amortized on a straight-line basis over the estimated useful lives of such assets. In the event of product discontinuances, from time to time the Compan

Long-lived assets, including fixed assets, permanent wall displays and intangibles other than goodwill, are reviewed by the Company for impairment whenever events or changes in circumstances indicate that the carrying amount of any

The Company's estimates of undiscounted cash flow may differ from actual cash flow due to, among other things, technological changes, economic conditions, changes to its business model or changes in its operating performance. In th

Pension Benefits:

The Company sponsors both funded and unfunded pension and other retirement plans in various forms covering employees who meet the applicable eligibility requirements. The Company uses several statistical and other factors in an a

The Company selected a weighted-average discount rate of 6.24% in 2007, representing an increase from the 5.75% rate selected in 2006 for the Company's U.S. pension plans. The Company selected an average discount rate for the Co

For the Company's U.S. pension plans, the expected rate of return on the pension plan assets used in 2007 and in 2006 was 8.5%. The average expected rate of return used for the Company's international plans in 2007 and in 2006 was 6

The table below reflects the Company's estimates of the possible effects of changes in the discount rates and expected rates of return on its 2008 net periodic benefit costs and its projected benefit obligation at December 31, 2007 for the

	Effect of 25 basis points increase		Effect of 25 basis points decrease	
	Net periodic benefit costs	Projected pension benefit obligation	Net periodic benefit costs	Projected pension benefit obligation
Discount rate	$ (1.9)	$ (17.6)	$ 2.3	$ 15.5
Expected rate of return	(1.8)	(0.6)	1.0	—

The rate of future compensation increases is another assumption used by the Company's third party actuarial consultants for pension accounting. The rate of future compensation increases used in 2007 and in 2006 remained unchanged a

Stock-Based Compensation:

Prior to January 1, 2006, the Company applied the intrinsic value method as outlined in Accounting Principles Board (''APB'') Opinion No. 25, ''Accounting for Stock Issued to Employees'' (''APB No. 25'') and related interpretations in accounting for stock options granted under the Company’s Stock Plan, which provides for the issuance of awards of stock options, stock appreciation rights, restricted or unrestricted stock and restricted stock uni

Under the intrinsic value method, no compensation expense was recognized in fiscal periods ended prior to January 1, 2006 if the exercise price of the Company’s employee stock options equaled the market price of Revlon, Inc.’s Class

Effective January 1, 2006, the Company adopted Statement of Financial Accounting Standards (‘‘SFAS’’) No. 123(R), ‘‘Share-Based Payment’’ (‘‘SFAS No. 123(R)’’). This statement replaces SFAS No. 123, ‘‘Accounting for Stock-Bas

The Company uses the modified prospective method of application, which requires recognition of compensation expense on a prospective basis. Therefore, the Company’s financial statements for fiscal periods ended on or before Decem

SFAS No. 123(R) also requires that excess tax benefits related to stock option exercises be reflected as financing cash inflows instead of operating cash inflows. For 2007, no adjustments have been made to the Company’s cash flow stat

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model based on the weighted-average assumptions listed in Note 13 to the Consolidated Financial Statements. Expected volatili

If factors change and the Company employs different assumptions in the application of SFAS No. 123(R) in future periods, the compensation expense that the Company records under SFAS No. 123(R) may differ significantly from wha

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, ‘‘Fair Value Measurements.’’ This statement clarifies the definition of fair value of assets and liabilities, establishes a framework for measuring fair value of assets and liabilities, and

Table of Contents

SFAS No. 157 effective as of January 1, 2008 and expects that its adoption will not have a material impact on its results of operations or financial condition.

In September 2006, the FASB issued SFAS No. 158, ‘‘Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statement Nos. 87, 88, 106, and 132(R)’’ (‘‘SFAS No. 158’’). SFAS

a. Recognize the funded status of a benefit plan — measured as the difference between plan assets at fair value (with limited exceptions) and the benefit obligation — in its statement of financial position. For a pension plan, the benefit obligation is the projected benefit obligation; for any other post-retirement benefit plan, such as a retiree health care plan, the benefit obligation is the accumulated post-retirement benefit obligation;

b. Recognize as a component of other comprehensive income (loss), net of tax, the gains or losses recognized and prior service costs or credits that arise during the year but are not recognized in net income (loss) as components of net periodic benefit cost pursuant to FASB Statement No. 87, ‘‘Employers’ Accounting for Pensions’’, or No. 106, ‘‘Employers’ Accounting for Postretirement Benefits Other Than Pensions’’. Amounts recognized in accumulated other comprehensive income (loss), including the gains or losses, prior service costs or credits, and the transition assets or obligations remaining from the initial application of Statements Nos. 87 and 106, are adjusted as they are subsequently recogn ized as components of net periodic benefit cost pursuant to the recognition and amortization provisions of Statements Nos. 87 and 106; and

c. Disclose in the notes to financial statements additional information about certain effects on net periodic benefit cost for the next fiscal year that arise from the delayed recognition of the gains or losses, prior service costs or credits, and transition assets or obligations.

As of January 1, 2007, the Company adopted the requirement to measure defined benefit plan assets and obligations as of the date of the Company’s fiscal year ending December 31, 2007, rather than using a September 30th measuremer

Inflation

The Company’s costs are affected by inflation and the effects of inflation may be experienced by the Company in future periods. Management believes, however, that such effects have not been material to the Company during the past tl

Subsequent Events

See ‘‘Part I, Item 1 — Recent Developments.’’

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Sensitivity

The Company has exposure to changing interest rates primarily under the 2006 Term Loan Facility and 2006 Revolving Credit Facility under the 2006 Credit Agreements. The Company manages interest rate risk through the use of 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. In September 2007, Products Corporation execu

The table below provides information about the Company's indebtedness that is sensitive to changes in interest rates. The table presents cash flows with respect to principal on indebtedness and related weighted average interest rates by

Exchange Rate Sensitivity

The Company manufactures and sells its products in a number of countries throughout the world and, as a result, is exposed to movements in foreign currency exchange rates. In addition, a portion of the Company's borrowings are deno

Expected maturity date for the year ended December 31,
(dollars in millions, except for rate information)

Debt	2008	2009	2010	2011	2012	Thereafter	Total	Fair Value December 31, 2007
Short-term variable rate (various currencies)	$ 2.0						$ 2.0	$ 2.0
Average interest rate(a)	8.1%							
Long-term fixed rate — third party (various currencies)	$ 0.2	$ 0.3					0.5	0.5
Average interest rate	6.0%	6.0%						
Long-term fixed rate — third party ($US)	$ 167.4(b)			$ 390.0			557.4	528.5
Average interest rate	8.6%			9.5%				
Long-term variable rate — third party ($US)	$ 6.3	$ 8.4	$ 8.4	$ 8.4	$ 852.0		883.5	883.5
Average interest rate(a)	8.5%	7.6%	7.9%	8.2%	8.1%			
Total debt	$ 175.9	$ 8.7	$ 8.4	$ 398.4	$ 852.0	$ —	$ 1,443.4	$ 1,414.5

(a) Weighted average variable rates are based upon implied forward rates from the U.S. Dollar LIBOR yield curves at December 31, 2007.

(b) On January 30, 2008, Products Corporation entered into its previously-announced $170 million MacAndrews & Forbes Senior Subordinated Term Loan Agreement and on February 1, 2008 used the proceeds of such loan to repay in full the balance of the approximately $167.4 million aggregate remaining principal amount of Products Corporation's 8$^{5}/_{8}$% Senior Subordinated Notes, which matured on February 1, 2008. The MacAndrews & Forbes Senior Subordinated Term Loan bears an annual interest rate of 11%, which is payable in arrears in cash on March 31, June 30, September 30 and December 31 of each year commencing on March 31, 2008 and matures on August 1, 2009. (See "Recent Developments").

Forward Contracts	Average Contractual Rate $/FC	Original US Dollar Notional Amount	Contract Value December 31, 2007	Fair Value December 31, 2007
Sell Canadian Dollars/Buy USD	0.9894	$ 7.9	$ 7.8	$ (0.1)
Sell Australian Dollars/Buy USD	0.8593	4.6	4.5	(0.1)
Sell South African Rand/Buy USD	0.1400	3.3	3.2	(0.1)
Sell British Pounds/Buy USD	2.0265	2.4	2.5	0.1
Buy Australian Dollars/Sell New Zealand Dollars	1.1696	3.4	3.3	(0.1)
Sell Euros/Buy USD	1.4008	1.2	1.2	—
Sell New Zealand Dollars/Buy USD	0.7531	0.5	0.5	—
Sell Hong Kong Dollars/Buy USD	0.1285	0.3	0.3	—
Total forward contracts		$ 23.6	$ 23.3	$ (0.3)

Interest Rate Swap Transaction	Expected Maturity date for the year ended December 31,			
	2008	2009	Total	Fair Value December 31, 2007
Notional Amount	$ —	$ 150.0	$ 150.0	$ (2.2)
Average Pay Rate	4.692%	4.692%		
Average Receive Rate	3-month USD LIBOR	3-month USD LIBOR		

Item 8. Financial Statements and Supplementary Data

Reference is made to the Index on page F-1 of the Company's Consolidated Financial Statements and the Notes thereto contained herein.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

(a) <u>Disclosure Controls and Procedures</u>. 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 Ac

(b) <u>Management's Annual Report on Internal Control over Financial Reporting</u>. The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's ir

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of its assets;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of its financial statements in accordance with generally accepted accounting principles, and that its receipts and expenditures are being made only in accordance with authorizations of its management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on its financial statements.

Internal control over financial reporting may not prevent or detect misstatements due to its inherent limitations. Management's projections of any evaluation of the effectiveness of internal control over financial reporting as to future peri

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2007 and in making this assessment used the criteria set forth by the Committee of Sponsoring Orga

Revlon, Inc.'s management determined that as of December 31, 2007, the Company's internal control over financial reporting was effective.

KPMG LLP, the Company's independent registered public accounting firm that audited the Company's financial statements included in this Annual Report on Form 10-K for the period ended December 31, 2007, has issued an attestatio

(c) <u>Changes in Internal Control Over Financial Reporting.</u> There have not been any changes in the Company's internal control over financial reporting during the fiscal quarter ended December 31, 2007 that have materially affec

Item 9B. Other Information

None.

Forward Looking Statements

This Annual Report on Form 10-K for the year ended December 31, 2007, as well as other public documents and statements of the Company, contain forward-looking statements that involve risks and uncertainties, which are based on t

(i) the Company's future financial performance;

(ii) the effect on sales of decreased consumer spending in response to weak economic conditions or weakness in the cosmetics category in the mass retail channel; adverse changes in currency; decreased sales of the Company's products as a result of increased competitive activities by the Company's competitors, changes in consumer purchasing habits, including, with respect to shopping channels; retailer inventory management; retailer space reconfiguration or reductions in retailer display space; less than anticipated results from the Company's existing or new products or from its advertising and/or marketing plans; or if the Company's expenses, including, without limitation, for advertising and promotions or for returns related to any reduction of retail space, product discontinuances or otherwise, exceed 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 of its brands or product lines, launching additional new products, acquiring businesses or brands, further refining its approach to retail merchandising and/or taking further actions to optimize its manufacturing, sourcing and organizational size and structure, any of which, whose intended purpose 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;

(iv) the Company's expectations regarding the continued execution of its business strategy, including (a) building and leveraging its brands, particularly the **Revlon** brand, across the categories in which it competes, including, in addition to **Revlon** and **Almay** brand color cosmetics, seeking to drive growth in other beauty care cat egories, including women's hair color, beauty tools and anti-perspirants/deodorants by developing and sustaining an innovative pipeline of new products and managing the Company's product portfolio with the objective of profitable net sales growth over time, including: 1) fully utilizing the Company's creative, marketing and research and development capabilities; 2) reinforcing clear, consistent brand positioning through effective, innovative advertising and promotion; and 3) working with the Company's retail customers to continue to increase the effectiveness of its in-store marketing, promotion and display walls across the categories in which it competes, including the Company's belief that it has created a comprehensive, long-term portfolio strategy, that the Company will accelerate new product development, produce effective creative and provide clear lines of communication, responsibility and accountability with its new integrated organizational structure in the U.S., and tha t for 2008 the Company's extensive lineup of **Revlon** and **Almay** color cosmetics will offer additional and significant new products and innovations within the **Revlon** and **Almay** portfolios; (b) improving the execution of its strategies and plans and continuing to build its organizational capability primarily through a focus on recruitment and retention of skilled people, providing opportunities for professional development, as well as new and expanded responsibilities and roles for employees who have demonstrated capability and rewarding the Company's employees for success, including the Company's belief that it has strengthened its U.S. marketing and sales organization with the creation of its U.S. region and by recruiting talented and experienced executives within marketing, product development and sales; (c) continuing to strengthen its international business further by (i) focusing the **Revlon** brand and the Company's other strong national and multi-national brands in key countries; (ii) leveraging the Company's **Revlon** and **Almay** brand marketing worldwide; (iii) adapting the Company's product portfolio to local consumer preferences and trends; (iv) structuring the most effective business model in each country; and (v) strategically allocating resources and controlling costs; (d) capitalizing on opportunities to improve operating profit margins and cash flow over time, including by reducing sales returns, costs of goods sold and general and administrative expenses and improving working capital management (in each case as a percentage of net sales), and continuing to focus on improving net sales growth; and (e) continuing to improve its capital structure;

(v) the Company's belief that its rigorous process for the continuous development and evaluation of new product concepts, formed in 2007 and led by senior executives in marketing, sales, product development, operations and finance, has improved the Company's new product commercialization process, created a comprehensive, long-term portfolio strategy and will optimize the Company's ability to regularly bring to market its innovative new product offerings and manage the Company's product portfolio for profitable growth over time;

(vi) the Company's plans to fully focus its efforts on building and leveraging its established brands particularly its **Revlon** brand;

(vii) restructuring activities, restructuring costs, the timing of restructuring payments and the cost base reductions and other benefits from such activities;

(viii) the Company's expectation that operating revenues, cash on hand and funds available for borrowing under Products Corporation's 2006 Revolving Credit Agreement and other permitted lines of credit will be sufficient to enable the Company to cover its operating expenses for 2008, including cash requirements referred to in item (ix) below;

(ix) the Company's expected sources of funds, including operating revenues, cash on hand and funds available for borrowing under Products Corporation's 2006 Revolving Credit Agreement and other permitted lines of credit, as well as the availability of funds from restructuring indebtedness, selling assets or operations, capital contributions and/or loans from MacAndrews & Forbes or the Company's other affiliates and/or third parties and/or the sale of additional equity securities of Revlon, Inc. or additional debt securities of Revlon, Inc. or Products Corporation;

(x) the Company's expected 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, payments in connection with the Company's purchases of permanent wall displays, capital expenditure requirements, restructuring programs (including, without limitation, the 2006 Programs, the 2007 Programs and prior programs), executive severance not otherwise included in the Company's restructuring programs, debt service payments and costs and regularly scheduled pension and post-retirement benefit plan contributions, and its estimates of operating expenses, the amount and timing of restructuring costs, executive severance, debt se rvice payments (including payments required under Products Corporation's debt instruments), cash contributions to the Company's pension plans and post-retirement benefit plans, purchases of permanent wall displays and capital expenditures;

(xi) matters concerning the Company's market-risk sensitive instruments, including the floating-to-fixed interest rate swap transaction that Products Corporation entered into in September 2007 and the Company's expectation that such transaction will offset the effects of floating interest rates by hedging against fluctuations in variable interest rate payments on $150 million notional amount of Products Corporation's long-term debt under its 2006 Term Loan Facility, as well as the Company's expectations as to the counterparty's performance, including that any loss arising from the non-performance by the counterparty would not be material;

(xii) the expected effects of the Company's adoption of certain accounting principles; and

(xiii) the Company's plan to efficiently manage its cash and working capital, including, among other things, by carefully managing inventory levels, centralized purchasing to secure discounts and efficiencies in procurement, and providing additional discounts to U.S. customers for more timely payment of receivables and carefully managing accounts payable and targeted controls on general and administrative spending.

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-lookin

Investors are advised, however, to consult any additional disclosures the Company made or may make in its Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, in each case filed with the SEC in 2008 and 2007 (which, available from time to time on such websites shall not be deemed incorporated by reference into this Annual Report on Form 10-K. A number of important factors could cause actual results to differ materially from those contained in any for

(i) unanticipated circumstances or results affecting the Company's financial performance, including decreased consumer spending in response to weak economic conditions or weakness in the cosmetics category in the mass retail channel; changes in consumer preferences, such as reduced consumer demand for the Company's color cosmetics and other current products, including new product launches; changes in consumer purchasing habits, including with respect to shopping channels; lower than expected retail customer acceptance or consumer acceptance of, or less than anticipated results from, the Company's existing or new products; higher than expected advertising and promotion expenses or lower than expected results from the Company's advertis ing and/or marketing plans; higher than expected returns or decreased sales of the Company's existing or new products; actions by the Company's customers, such as retailer inventory management and greater than anticipated retailer space reconfigurations or reductions in retailer display space and/or product discontinuances; and changes in the competitive environment and actions by the Company's competitors, including business combinations, technological breakthroughs, new products offerings, increased advertising, marketing and promotional spending and marketing and promotional successes by competitors, including increases in share in the mass retail channel;

(ii) in addition to the items discussed in (i) above, the effects of and changes in economic conditions (such as inflation, monetary conditions and foreign currency fluctuations, 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 achieve profitability 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 of the Company's brands or product lines, launching of new product lines, including difficulties or delays, or higher than expected expenses, including for returns, in launching its new products, acquiring businesses or brands, further refining its approach to retail merchandising, and/or difficulties, delays or increased costs in c onnection with taking further actions to optimize the Company's manufacturing, sourcing, supply chain or organizational size and structure;

(iv) difficulties, delays or unanticipated costs in executing the Company's business strategy, which could affect the Company's ability to achieve its objectives as set forth in clause (iv) above, such as (a) less than effective new product development (including less than anticipated benefits from the Company's process for the continuous development and evaluation of new product concepts), less than anticipated profitable net sales growth over time, less than expected growth of the **Revlon** or **Almay** brands and/or in women's hair color, beauty tools and/or anti-perspirants/deodorants, such as due to less than expected acceptance of the Company's new or existing products under these brands and lines by consumers and/or retail customers, less than expected acceptance of the Company's advertising, promotion and/or marketing plans by the Company's consumers and/or retail customers, disruptions, delays or difficulties in executing the Company's business strategy, less than expected investment in brand support, greater than expected competitive investment or less than anticipated benefits from the Company's new integrated organizational structure in the U.S., such as less than anticipated growth or profitability in the Company's U.S. business; (b) difficulties, delays or the inability to improve the execution of its strategies and plans and/or build organizational capability, recruit and retain skilled people, provide employees with opportunities to develop professionally, provide employees who have demonstrated capability with new and expanded responsibilities or roles and/or reward the

Company’s employees for success, including less than expected benefits from the Company’s U.S. region organizational changes, such as less than anticipated growth or profitability in the Company’s U.S. business; (c) difficulties, delays or unanticipated costs in connection with the Company’s plans to strengthen its international business further, such as due to higher than anticipated levels of investment required to support and build the Company’s brands globally or less than anticipated results from the Company’s national and multi-national brands; (d) difficulties, delays or unanticipated costs in connection with improving operating profit margins and cash flow over time and realizing continuing sustainable benefits from restructuring actions, such as difficulties, delays or the inability to take actions intended to improve sales returns, cost of goods sold, general and administrative expenses, in working capital management and/or growth in net sales; and/or (e) di fficulties, delays or unanticipated costs in, or the Company’s inability to improve its capital structure, including higher than expected costs such as due to higher interest rates;

(v) difficulties, delays or the Company’s inability to bring to market its innovative new product offerings and manage the Company’s product portfolio for profitable growth over time with its process for the continuous development and evaluation of new product concepts, formed in 2007 and led by senior executives in marketing, sales, product development, operations and finance, such as due to less than effective new product development and/or less than expected acceptance of the Company’s new products under the Company’s **Revlon** and Almay brands and lines by consumers and/or retail customers;

(vi) difficulties, delays or the Company’s inability to build and leverage its established brands, particularly its **Revlon** brand, including by less than expected growth of the **Revlon** brand, less than expected acceptance of the Company’s creative and brand marketing plans by the Company’s consumers and/or retail consumer, less than effective research and development and/or new product development, including with respect to the Company’s process for the c ontinuous development and evaluation of new product concepts, and/or less than expected acceptance of the Company’s new or exising products under the **Revlon** brand by consumers and/or retail customers;

(vii) difficulties, delays or unanticipated costs or less than expected savings and other benefits resulting from the Company’s restructuring activities, such as less than anticipated sustained annualized cost base reductions or other benefits from the 2007 Programs and/or 2006 Programs and the risk that the 2007 Programs and/or the 2006 Programs may not satisfy the Company’s objectives as set forth in clause (vii) above;

(viii) lower than expected operating revenues, cash on hand and/or funds available under the 2006 Revolving Credit Agreement and/or other permitted lines of credit or higher than anticipated operating expenses, such as referred to in clause (x) below;

(ix) the unavailability of funds under Products Corporation’s 2006 Revolving Credit Agreement or other permitted lines of credit, or from restructuring indebtedness, or capital contributions or loans from MacAndrews & Forbes, the Company’s other affiliates and/or third parties and/or the sale of additional equity of Revlon, Inc. or debt securities of Revlon, Inc. or Products Corporation;

(x) higher than expected operating expenses, sales returns, working capital expenses, permanent wall display costs, capital expenditures, restructuring costs, executive severance not otherwise included in the Company’s restructuring programs, debt service payments, regularly scheduled cash pension plan contributions and/or post-retirement benefit plan contributions, purchases of permanent wall displays and/or capital expenditures;

(xi) interest rate or foreign exchange rate changes affecting the Company and its market-risk sensitive financial instruments, including less than anticipated benefits or other unanticipated effects of the floating-to-fixed interest rate swap transaction which Products Corporation entered into in September 2007 or difficulties, delays or the inability of the counterparty to perform the transaction;

(xii) unanticipated effects of the Company’s adoption of certain new accounting standards; and

(xiii) difficulties, delays or the inability of the Company to efficiently manage its cash and working capital.

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

Part III

Item 10. Directors, Executive Officers and Corporate Governance

A list of Revlon, Inc.'s executive officers and directors and biographical information and other information about them may be found under the caption ''Election of Directors'' and ''Executive Officers'' of Revlon, Inc.'s Proxy Statemen

The information set forth under the caption ''Section 16(a) Beneficial Ownership Reporting Compliance'' in the 2008 Proxy Statement is also incorporated herein by reference.

The information set forth under the captions ''Compensation Discussion and Analysis'', ''Executive Compensation'', ''Summary Compensation Table'', ''Grants of Plan-Based Awards, ''Outstanding Equity Awards at Fiscal Year-End'',

Information regarding the Company's director nomination process, audit committee and audit committee financial expert matters as required by the SEC's Regulation S-K 407(c)(3), 407(d)(4) and 407(d)(5), may be found in the 2008 Pr

Item 11. Executive Compensation

The information set forth under the caption ''Compensation of Executive Officers and Directors'' in the 2008 Proxy Statement is incorporated herein by reference. The information set forth under the caption ''Compensation and Stock P

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information set forth under the captions ''Ownership of Common Stock'' and ''Equity Compensation Plan Information'' in the 2008 Proxy Statement is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information set forth under the captions ''Certain Relationships and Related Transactions'' and ''Corporate Governance — Controlled Company Exemption'' in the 2008 Proxy Statement is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

Information concerning principal accountant fees and services set forth under the caption ''Audit Fees'' in the 2008 Proxy Statement is incorporated herein by reference.

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 cha a corporate investor relations website, www.revloninc.com, where stockholders and other interested persons may review, without charge, among other things, Revlon, Inc.’s corporate governance materials and certain SEC filings (such as Re

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) List of documents filed as part of this Report:

(1) Consolidated Financial Statements and Independent Auditors' Report included herein: See Index on page F-1.

(2) Financial Statement Schedule: See Index on page F-1.

All other schedules are omitted as they are inapplicable or the required information is furnished in the Company's Consolidated Financial Statements or the Notes thereto.

(3) List of Exhibits:

3. ***Certificate of Incorporation and By-laws.***

3.1 Restated Certificate of Incorporation of Revlon, Inc., dated April 30, 2004 (incorporated by reference to Exhibit 3.1 to Revlon, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 filed with the SEC on May 17, 2004).

3.2 Amended and Restated By-Laws of Revlon, Inc. dated as of December 10, 2007 (incorporated by reference to Exhibit 3.2 of Revlon, Inc.'s Current Report on Form 8-K filed with the SEC on December 10, 2007).

4. ***Instruments Defining the Rights of Security Holders, Including Indentures.***

4.1 Credit Agreement, dated as of July 9, 2004, among Revlon Consumer Products Corporation (''Products Corporation'') and certain local borrowing subsidiaries, as borrowers, the lenders and issuing lenders party thereto, Citicorp USA, Inc., as term loan administrative agent, Citicorp USA, Inc. as multi-currency administrative agent, Citicorp USA, Inc., as collateral agent, UBS Securities LLC, as syndication agent, and Citigroup Global Markets Inc., as sole lead arranger and sole bookrunner (the ''2004 Credit Agreement'') (incorporated by reference to Exhibit 4.34 to Products Corporation's Current Report on Form 8-K filed with the SEC on July 13, 2004).

4.2 First Amendment dated February 15, 2006 to the 2004 Credit Agreement (incorporated by reference to Exhibit 10.2 to Products Corporation's Current Report on Form 8-K filed with the SEC on February 17, 2006).

4.3 Second Amendment dated as of July 28, 2006 to the 2004 Credit Agreement (incorporated by reference to Exhibit 4.1 to Products Corporation's Current Report on Form 8-K filed with the SEC on July 28, 2006).

4.4 Third Amendment dated as of September 29, 2006 to the 2004 Credit Agreement, (incorporated by reference to Exhibit 4.1 of Products Corporation's Current Report on Form 8-K filed with the SEC on September 29, 2006).

4.5 Fourth Amendment, dated as of December 20, 2006, to the 2004 Credit Agreement, (incorporated by reference to Exhibit 4.2 to Products Corporation's Current Report on Form 8-K filed with the SEC on December 21, 2006 (the ''Products Corporation December 21, 2006 Form 8-K'')).

4.6 Amended and Restated Pledge and Security Agreement, dated as of December 20, 2006 among Revlon, Inc., Products Corporation and the additional grantors party thereto, in favor of Citicorp USA, Inc. as collateral agent for the reference to Exhibit 4.3 to the Products Corporation December 21, 2006 Form 8-K).

4.7 Amended and Restated Intercreditor and Collateral Agency Agreement, dated as of December 20, 2006 among Citicorp USA, Inc., as administrative agent for the multi-currency lenders and issuing lenders, Citicorp USA, Inc., as lenders, Citicorp USA, Inc., as collateral agent for the secured parties, Revlon, Inc., Products Corporation and each other loan party (incorporated by reference to Exhibit 4.4 to the Products Corporation December 21, 2006 Form

4.8 Term Loan Agreement, dated as of December 20, 2006 among Products Corporation, as borrower, the lenders party thereto, Citicorp USA, Inc., as administrative agent and collateral agent, JPMorgan Chase Bank, N.A., as syndic Capital Markets Inc., as sole lead arranger and sole bookrunner (incorporated by reference to Exhibit 4.1 to the Products Corporation December 21, 2006 Form 8-K).

4.9 Indenture, dated as of February 1, 1998, between Products Corporation (as successor to Revlon Escrow Corp,) and U.S. Bank Trust National Association, as trustee, relating to the $8^{5}/_{8}$% Senior Subordinated Notes due 2008 (as ar ''$8^{5}/_{8}$% Senior Subordinated Notes Indenture'') (incorporated by reference to Exhibit 4.3 to the Registration Statement on Products Corporation's Form S-1 filed with the SEC on March 12, 1998, File No. 333-47875 (the ''Product

4.10 First Supplemental Indenture, dated March 4, 1998, among Products Corporation, Revlon Escrow Corp. and U.S. Bank Trust National Association, as trustee, amending the $8^{5}/_{8}$% Senior Subordinated Notes Indenture (incorporate Products Corporation March 1998 Form S-1).

4.11 Second Supplemental Indenture, dated as of February 11, 2004, among Products Corporation, U.S. Bank Trust National Association, as trustee, and Revlon, Inc. as guarantor, amending the $8^{5}/_{8}$% Senior Subordinated Notes Indent Exhibit 4.31 of Revlon, Inc.'s Current Report on Form 8-K filed with the SEC on February 12, 200 4).

4.12 Indenture, dated as of March 16, 2005, between Products Corporation and U.S. Bank National Association, as trustee, relating to Products Corporation's 9½% Senior Notes due 2011 (incorporated by reference to Exhibit 4.12 to F Form 10-K/A for the year ended December 31, 2004 filed with the SEC on April 12, 2005).

10. ***Material Contracts.***

10.1 Tax Sharing Agreement, dated as of June 24, 1992, among MacAndrews & Forbes Holdings, Revlon, Inc., Products Corporation and certain subsidiaries of Products Corporation, as amended and restated as of January 1, 2001 (in to Products Corporation's Annual Report on Form 10-K for the year ended December 31, 2001 filed with the SEC on February 25, 2002).

10.2 Tax Sharing Agreement, dated as of March 26, 2004, by and among Revlon, Inc., Products Corporation and certain subsidiaries of Products Corporation (incorporated by reference to Exhibit 10.25 to Products Corporation's Quart quarter ended March 31, 2004 filed with the SEC on May 17, 2004).

10.3	Employment Agreement, dated as of April 27, 2007 between Products Corporation and David L. Kennedy (incorporated by reference to Exhibit 10.1 to Revlon, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 filed with the SEC on May 8, 2007 (the ''Revlon, Inc. 2007 First Quarter Form 10-Q'')).
10.4	Employment Agreement, dated as of April 27, 2007, between Products Corporation and Alan T. Ennis (incorporated by reference to Exhibit 10.2 to the Revlon, Inc. 2007 First Quarter Form 10-Q).
10.5	Employment Agreement, dated as of April 27, 2007, between Products Corporation and Robert K. Kretzman (incorporated by reference to Exhibit 10.3 to the Revlon, Inc. 2007 First Quarter Form 10-Q).
10.6	Third Amended and Restated Revlon, Inc. Stock Plan (as amended, the ''Stock Plan'') (incorporated by reference to Exhibit 4.1 to Revlon, Inc.'s Registration Statement on Form S-8 filed with the SEC on December 10, 2007).
*10.7	Form of Nonqualified Stock Option Agreement under the Stock Plan.
*10.8	Form of Restricted Stock Agreement under the Stock Plan.
10.9	Revlon Executive Bonus Plan (incorporated by reference to Exhibit 10.15 to Products Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005 filed with the SEC on August 9, 2005).
10.10	Amended and Restated Revlon Pension Equalization Plan, amended and restated as of December 14, 1998 (incorporated by reference to Exhibit 10.15 to Revlon, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1998 filed with the SEC on March 3, 1999).
10.11	Executive Supplemental Medical Expense Plan Summary, dated July 2000 (incorporated by reference to Exhibit 10.10 to Revlon, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2002 filed with the SEC on March 21, 2003).
10.12	Benefit Plans Assumption Agreement, dated as of July 1, 1992, by and among Revlon Holdings, Revlon, Inc. and Products Corporation (incorporated by reference to Exhibit 10.25 to Products Corporation's Annual Report on Form 10-K for the year ended December 31, 1992 filed with the SEC on March 12, 1993).
10.13	Revlon Executive Severance Pay Plan (incorporated by reference to Exhibit 10.4 to Revlon, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 filed with the SEC on November 7, 2006).
10.14	Stockholders Agreement, dated as of February 20, 2004, by and between Revlon, Inc. and Fidelity Management & Research Company (incorporated by reference to Exhibit 10.29 to Revlon, Inc.'s Current Report on Form 8-K filed with the SEC on February 23, 2004).
10.15	MacAndrews & Forbes Senior Subordinated Term Loan Agreement, dated as of January 30, 2008, between Products Corporation and MacAndrews & Forbes Holdings Inc. (incorporated by reference to Exhibit 10.1 to Products Corporation's Current Report on Form 8-K filed with the SEC on February 1, 2008).
10.16	Letter Agreement between Revlon, Inc. and MacAndrews & Forbes Holdings Inc., dated as of January 30, 2008 (incorporated by reference to Exhibit 10.2 to Products Corporation's Current Report on Form 8-K filed with the SEC on February 1, 2008).

21.	***Subsidiaries.***
*21.1	Subsidiaries of Revlon, Inc.
23.	***Consents of Experts and Counsel.***
*23.1	Consent of KPMG LLP.
24.	***Powers of Attorney.***
*24.1	Power of Attorney executed by Ronald O. Perelman.
*24.2	Power of Attorney executed by Barry F. Schwartz.
*24.3	Power of Attorney executed by Alan S. Bernikow.
*24.4	Power of Attorney executed by Paul J. Bohan.
*24.5	Power of Attorney executed by Meyer Feldberg.
*24.6	Power of Attorney executed by Edward J. Landau.
*24.7	Power of Attorney executed by Debra L. Lee.
*24.8	Power of Attorney executed by Linda Gosden Robinson.
*24.9	Power of Attorney executed by Kathi P. Seifert.
*24.10	Power of Attorney executed by Kenneth L. Wolfe.
*31.1	Certification of David L. Kennedy, Chief Executive Officer, dated March 5, 2008, pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act.
*31.2	Certification of Alan T. Ennis, Chief Financial Officer, dated March 5, 2008, pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act.
32.1 (furnished herewith)	Certification of David L. Kennedy, Chief Executive Officer, dated March 5, 2008, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2 (furnished herewith)	Certification of Alan T. Ennis, Chief Financial Officer, dated March 5, 2008, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*99.1	Revlon, Inc. Audit Committee Pre-Approval Policy.

* Filed herewith

REVLON, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders

Revlon, Inc.:

We have audited the accompanying consolidated balance sheets of Revlon, Inc. and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of operations, stockholders' deficiency and comprehensive loss, and

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fina

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Revlon, Inc. and subsidiaries as of December 31, 2007 and 2006, and the results of their operations and the

As discussed in Note 1 to the Consolidated Financial Statements, the Company adopted FASB Interpretation No. 48, ''Accounting for Uncertainty in Income Taxes'' as of January 1, 2007, Statement of Financial Accounting Standards (''SFA

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Revlon, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2007

/s/ KPMG LLP

New York, New York
March 5, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders

Revlon, Inc.:

We have audited Revlon, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizatio

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effectiv

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with ge

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of the effectiveness of internal control over financial reporting as to future periods are s

In our opinion, Revlon, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control — Integrated Framework issued by

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Revlon, Inc. and subsidiaries as of December 31, 2007 and 2006, and the related

/s/ KPMG LLP

New York, New York
March 5, 2008

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

	December 31, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	$ 46.8	$ 35.4
Trade receivables, less allowance for doubtful accounts of $4.3 and $4.0 as of December 31, 2007 and 2006, respectively	202.7	207.8
Inventories	169.1	186.5
Prepaid expenses and other	52.6	58.3
Total current assets	471.2	488.0
Property, plant and equipment, net	113.7	115.3
Other assets	118.2	142.4
Goodwill, net	186.2	186.2
Total assets	$ 889.3	$ 931.9
LIABILITIES AND STOCKHOLDERS’ DEFICIENCY		
Current liabilities:		
Short-term borrowings	$ 2.1	$ 9.6
Current portion of long-term debt	6.5	—
Accounts payable	89.7	95.1
Accrued expenses and other	250.4	272.5
Total current liabilities	348.7	377.2
Long-term debt	1,432.4	1,501.8
Long-term pension and other post-retirement plan liabilities	112.4	175.7
Other long-term liabilities	77.8	107.0
Stockholders’ deficiency:		
Class B Common Stock, par value $0.01 per share; 200,000,000 shares authorized, 31,250,000 issued and outstanding as of December 31, 2007 and 2006, respectively	0.3	0.3
Class A Common Stock, par value $0.01 per share; 900,000,000 shares authorized and 492,923,401 and 390,001,154 shares issued as of December 31, 2007 and 2006, respectively	4.9	3.8
Additional paid-in capital	989.4	884.9
Treasury stock, at cost; 1,305,799 and 429,666 shares of Class A Common Stock as of December 31, 2007 and 2006, respectively	(2.5)	(1.4)
Accumulated deficit	(1,985.4)	(1,993.2)
Accumulated other comprehensive loss	(88.7)	(124.2)
Total stockholders’ deficiency	(1,082.0)	(1,229.8)
Total liabilities and stockholders’ deficiency	$ 889.3	$ 931.9

See Accompanying Notes to Consolidated Financial Statements

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

	Year Ended December 31, 2007	2006	2005
Net sales	$ 1,400.1	$ 1,331.4	$ 1,332.3
Cost of sales	522.9	545.5	508.1
Gross profit	877.2	785.9	824.2
Selling, general and administrative expenses	748.9	808.7	757.8
Restructuring costs and other, net	7.3	27.4	1.5
Operating income (loss)	121.0	(50.2)	64.9
Other expenses (income):			
Interest expense	136.3	148.8	130.0
Interest income	(2.0)	(1.1)	(5.8)
Amortization of debt issuance costs	3.3	7.5	6.9
Foreign currency (gains) losses, net	(6.8)	(1.5)	0.5
Loss on early extinguishment of debt	0.1	23.5	9.0
Miscellaneous, net	(1.8)	3.8	(0.5)
Other expenses, net	129.1	181.0	140.1
Loss before income taxes	(8.1)	(231.2)	(75.2)
Provision for income taxes	8.0	20.1	8.5
Net loss	$ (16.1)	$ (251.3)	$ (83.7)
Basic and diluted loss per common share	$ (0.03)	$ (0.60)	$ (0.22)
Weighted average number of common shares outstanding:			
Basic and diluted	504,372,640	417,054,291	385,629,789

See Accompanying Notes to Consolidated Financial Statements

Table of Contents

REVLON, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIENCY AND COMPREHENSIVE LOSS

(dollars in millions)

	Common Stock	Additional Paid-In-Capital (Capital Deficiency)	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss(c)	Total Stockholders' Deficiency
Balance, January 1, 2005	$ 3.7	$ 758.9	$ —	$ (1,658.2)	$ (124.3)	$ (1,019.9)
Treasury stock acquired, at cost(a)			(0.8)			(0.8)
Exercise of stock options for common stock		0.1				0.1
Amortization of deferred compensation for restricted stock		5.8				5.8
Comprehensive loss:						
Net loss				(83.7)		(83.7)
Adjustment for minimum pension liability					6.7	6.7
Revaluation of foreign currency forward exchange contracts					2.4	2.4
Currency translation adjustment					(6.5)	(6.5)
Total comprehensive loss						(81.1)
Balance, December 31, 2005	3.7	764.8	(0.8)	(1,741.9)	(121.7)	(1,095.9)
Net proceeds from $110 Million Rights Offering	0.4	106.8				107.2
Treasury stock acquired, at cost(a)			(0.6)			(0.6)
Stock option compensation		7.1				7.1
Exercise of stock options for common stock		0.2				0.2
Amortization of deferred compensation for restricted stock		6.0				6.0
Comprehensive loss:						
Net loss				(251.3)		(251.3)
Revaluation of foreign currency forward exchange contracts					(0.1)	(0.1)
Currency translation adjustment					3.2	3.2
Adjustment for minimum pension liability(b)					19.0	19.0
Total comprehensive loss(c)						(229.2)
Net adjustment to initially apply SFAS No. 158, net of tax(c)					(24.6)	(24.6)
Balance, December 31, 2006	4.1	884.9	(1.4)	(1,993.2)	(124.2)	(1,229.8)
SFAS No. 158 adjustment(d)				(2.9)	10.3	7.4
Adjustment for adoption of FIN 48(e)				26.8		26.8
Adjusted balance, January 1, 2007	4.1	884.9	(1.4)	(1,969.3)	(113.9)	(1,195.6)
Net proceeds from $100 Million Rights Offering (See Note 12)	1.0	97.9				98.9
Treasury stock acquired, at cost(a)			(1.1)			(1.1)
Issuance of restricted stock	0.1	(0.1)				—
Stock option compensation		1.5				1.5
Amortization of deferred compensation for restricted stock		5.2				5.2
Comprehensive loss:						
Net loss				(16.1)		(16.1)
Revaluation of financial derivative instruments(f)					(1.7)	(1.7)
Currency translation adjustment					(2.0)	(2.0)
Amortization under SFAS No. 158(g)					28.9	28.9
Total comprehensive loss						9.1
Balance, December 31, 2007	$ 5.2	$ 989.4	$ (2.5)	$ (1,985.4)	$ (88.7)	$ (1,082.0)

(a) Amount relates to 876,133; 193,351 and 236,315 shares of Revlon, Inc. Class A Common Stock received from certain executives to satisfy the minimum statutory tax withholding requirements related to the vesting of shares of restricted stock during 2007, 2006 and 2005, respectively. (See Note 13, ''Stockholders' Equity — Treasury Stock'').

(b) Amount relates to the 2006 adjustment for minimum pension liability in accordance with SFAS No. 87, ''Employers' Accounting for Pensions''. (See Note 11, ''Savings Plan, Pension and Post-retirement Benefits'').

(c) In December 2006, the Company adopted SFAS No. 158, ''Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans'' (''SFAS No. 158''). As a result, a net adjustment of $(24.6) million was recorded to the ending balance of Accumulated Other Comprehensive Loss. The Company has adjusted the presentation of 2006 Total Comprehensive Loss to separately report the $19.0 million adjustment for minimum pension liability and the $(24.6) million adjustment for the initial adoption of SFAS No. 158. (See Note 11, ''Savings Plan, Pension and Post-retirement Benefits'').

(d) Due to the Company's early adoption of the provisions under SFAS No. 158, effective as of January 1, 2007 requiring a measurement date for determining defined benefit plan assets and obligations using the Company's fiscal year end of December 31st, rather than using a September 30th measurement date, the Company recognized a net reduction to the beginning balance of Accumulated Other Comprehensive Loss of $10.3 million, as set forth in the table above, which is comprised of (1) a $9.4 million re duction to Accumulated Other Comprehensive Loss due to the revaluation of the pension liability as a result of the change in the measurement date and (2) a $0.9 million reduction to Accumulated Other Comprehensive Loss of amortization of prior service costs, actuarial gains/losses and return on assets over the period from October 1, 2006 to December 31, 2006. In addition, the Company recognized a $2.9 million increase to the beginning balance of Accumulated Deficit, as set forth in the table above, which represents the total net periodic benefit costs incurred from October 1, 2006 to December 31, 2006. (See Note 11, ''Savings Plan, Pension and Post-retirement Benefits'').

(e) Due to the Company's adoption of FIN 48, ''Accounting for Uncertainty in Income Taxes — an interpretation of SFAS No. 109'' effective for the fiscal year beginning January 1, 2007, the Company reduced its total tax reserves by $26.8 million, which resulted in a corresponding reduction to the accumulated deficit component of Accumulated Other Comprehensive Loss, as set forth in the table above. (See Note 10, ''Income Taxes'').

(f) Due to the Company's use of derivative financial instruments, the net amount of hedge accounting derivative losses recognized by the Company, as set forth in the table above, pertains to (1) the reversal of $0.4 million of net losses accumulated in Accumulated Other Comprehensive Loss at January 1, 2007 upon the Company's election during the fiscal quarter ended March 31, 2007 to discontinue the application of hedge accounting under SFAS No. 133, ''Accounting for Derivative Instruments and Hedging Activities'' for certain derivative financial instruments, as the Company no longer designates its foreign currency forward exchange contracts as hedging instruments; the reversal of a $0.4 million gain pertaining a net receipt settlement in December 2007 under the terms of Products Corporation's floating-to-fixed interest rate swap transaction, executed in September 2007, with a notional amount of $150 million relating to indebtedness under Products Corporation's 2006 Term Loan Facility and (2) $1.7 million of net losses accumulated in Accumulated Other Comprehensive Loss pertaining to the change in fair value of the above-mentioned floating-to fixed interest rate swap. The Company has designated the floating-to-fixed interest rate swap as a hedging instrument and accordingly applies hedge accounting under SFAS No. 133 to such swap transaction. (See Note 9, ''Financial Instruments'' to the Consolidated Financial Statements and the discussion of Critical Accounting Policies in this Form 10-K).

(g) Amount represents a reduction in Accumulated Other Comprehensive Loss as a result of the amortization of unrecognized prior service costs and actuarial gains/losses arising during 2007 related to the Company's pension and other post-retirement plans. (See Note 14, ''Accumulated Other Comprehensive Loss'').

See Accompanying Notes to Consolidated Financial Statements

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

	December 31,		
	2007	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (16.1)	$ (251.3)	$ (83.7)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	100.1	122.8	102.9
Amortization of debt discount	0.6	0.6	0.2
Stock compensation amortization	6.7	13.1	5.8
Loss on early extinguishment of debt	0.1	23.5	9.0
Change in assets and liabilities:			
Decrease (increase) in trade receivables	10.8	77.9	(86.5)
Decrease (increase) in inventories	22.1	36.5	(69.8)
Decrease in prepaid expenses and other current assets	7.8	0.2	2.6
(Decrease) increase in accounts payable	(5.6)	(29.9)	22.0
(Decrease) increase in accrued expenses and other current liabilities	(77.5)	(69.0)	12.9
Purchase of permanent displays	(50.0)	(98.7)	(69.6)
Other, net	4.8	35.6	14.5
Net cash provided by (used in) operating activities	3.8	(138.7)	(139.7)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(20.0)	(22.4)	(25.8)
Investment in debt defeasance trust	—	—	(197.9)
Liquidation of investment in debt defeasance trust	—	—	197.9
Payment received on note from parent	—	—	10.0
Proceeds from the sale of certain assets	2.4	—	—
Net cash used in investing activities	(17.6)	(22.4)	(15.8)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net decrease in short-term borrowings and overdraft	(9.9)	(9.1)	(8.8)
(Repayment) borrowings under the 2006 Revolving Credit Facility, net	(14.0)	57.5	—
Borrowings under the 2004 Term Loan Facility	—	100.0	
Borrowings under the 2006 Term Loan Facility	—	840.0	—
Proceeds from the issuance of long-term debt	0.7	—	386.2
Repayment of long-term debt	(50.2)	(917.8)	(297.9)
Net Proceeds from the $110 Million Rights Offering	—	107.2	—
Net Proceeds from the $100 Million Rights Offering	98.9	—	—
Proceeds from the exercise of stock options for common stock	—	0.2	0.1
Payment of financing costs	(0.9)	(14.8)	(12.0)
Net cash provided by financing activities	24.6	163.2	67.6
Effect of exchange rate changes on cash and cash equivalents	0.6	0.8	(0.4)
Net increase (decrease) in cash and cash equivalents	11.4	2.9	(88.3)
Cash and cash equivalents at beginning of period	35.4	32.5	120.8
Cash and cash equivalents at end of period	$ 46.8	$ 35.4	$ 32.5
Supplemental schedule of cash flow information:			
Cash paid during the period for:			
Interest	$ 137.6	$ 155.6	$ 123.5
Income taxes, net of refunds	$ 14.6	$ 12.5	$ 17.9
Supplemental schedule of non-cash investing and financing activities:			
Treasury stock received to satisfy minimum tax withholding liabilities	$ 1.1	$ 0.6	$ 0.8

See Accompanying Notes to Consolidated Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation 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 and its subsidiaries (''Products Corporati

Unless the context otherwise requires, all references to the Company mean Revlon, Inc. and its subsidiaries. Revlon, Inc., as a public holding company, has no business operations of its own and has, as its only material asset, all of the ou

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'')

The accompanying Consolidated Financial Statements include the accounts of the Company after elimination of all material intercompany balances and transactions.

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect amounts of assets and liabilities and disclosures of cont

Cash and Cash Equivalents:

Cash equivalents are primarily investments in high-quality, short-term money market instruments with original maturities of three months or less and are carried at cost, which approximates fair value. Cash equivalents were $9.1 million

In accordance with borrowing arrangements with certain financial institutions, Products Corporation is permitted to borrow against its cash balances. The cash available to Products Corporation is the net of the cash position less amounts

2006, the Company had nil and $2.7 million, respectively, of cash supporting such short-term borrowings. (See Note 7, ''Short-Term Borrowings'').

Accounts Receivable:

Accounts receivable represent payments due to the Company for previously recognized net sales, reduced by an allowance for doubtful accounts for balances which are estimated to be uncollectible at December 31, 2007 and 2006, resp

Inventories:

Inventories are stated at the lower of cost or market value. Cost is principally determined by the first-in, first-out method. The Company records adjustments to the value of inventory based upon its forecasted plans to sell its inventories,

Property, Plant and Equipment and Other Assets:

Property, plant and equipment is recorded at cost and is depreciated on a straight-line basis over the estimated useful lives of such assets as follows: land improvements, 20 to 40 years; buildings and improvements, 5 to 45 years; machin

Long-lived assets, including fixed assets and intangibles other than goodwill, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If events or c

Included in other assets are net permanent wall displays amounting to approximately $78.5 million and $103.9 million as of December 31, 2007 and 2006, respectively, which are amortized over a period of 1 to 3 years in the U.S. and ge

$1.4 million as of December 31, 2007 and 2006, respectively. Patents and trademarks are recorded at cost and amortized ratably over approximately 10 to 17 years. Amortization expense for patents and trademarks for 2007, 2006 and 2005 w

Intangible Assets Related to Businesses Acquired:

Intangible assets related to businesses acquired principally consist of goodwill, which represents the excess purchase price over the fair value of assets acquired. The Company accounts for its goodwill and intangible assets in accordanc

In accordance with SFAS No. 142, the Company's intangible assets with finite useful lives are amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment whenever events or ch

Revenue Recognition:

Sales are recognized when revenue is realized or realizable and has been earned. The Company's policy is to recognize revenue when risk of loss and title to the product transfers to the customer. Net sales is comprised of gross revenues

Cost of sales includes all of the costs to manufacture the Company's products. For products manufactured in the Company's own facilities, such costs include raw materials and supplies, direct labor and factory overhead. For products manufactured for the Company by third-party contractors, such costs represent the amounts invoiced by the contractors. Cost of sales also includes the cost of refurbishing products returned by customers th

Selling, general and administrative expenses (''SG&A'') include expenses to advertise the Company's products, such as television advertising production costs and air-time costs, print advertising costs, promotional displays and consum

Income Taxes:

Income taxes are calculated using the asset and liability method in accordance with the provisions of SFAS No. 109, ''Accounting for Income Taxes'' (''SFAS No. 109'').

Effective as of January 1, 2007, the Company adopted FASB Interpretation No. 48 (''FIN 48''), ''Accounting for Uncertainty in Income Taxes — an interpretation of SFAS No. 109''. This interpretation provides guidance on recognition

Research and Development:

Research and development expenditures are expensed as incurred. The amounts charged against earnings in 2007, 2006 and 2005 for research and development expenditures were $24.4 million, $24.4 million and $26.1 million, respectiv

Foreign Currency Translation:

Assets and liabilities of foreign operations are translated into U.S. dollars at the rates of exchange in effect at the balance sheet date. Income and expense items are translated at the weighted average exchange rates prevailing during each

Basic and Diluted Loss per Common Share and Classes of Stock:

Shares used in basic loss per share are computed using the weighted average number of common shares outstanding each period. Shares used in diluted loss per share include the dilutive effect of unvested restricted shares and outstandi of unvested restricted stock were outstanding as of December 31, 2007, 2006 and 2005, respectively. Because the Company incurred losses in 2007, 2006 and 2005, these options and restricted shares are excluded from the calculation of dilu

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

Stock-Based Compensation:

Prior to January 1, 2006, the Company applied the intrinsic value method as outlined in Accounting Principles Board (''APB'') Opinion No. 25, ''Accounting for Stock Issued to Employees'' (''APB No. 25'') and related interpretations

Effective as of January 1, 2006, the Company adopted Statement of Financial Accounting Standards (''SFAS'') No. 123(R), ''Share-Based Payment'' (''SFAS No. 123(R)''). This statement replaces SFAS No. 123, ''Accounting for Stoc

Derivative Financial Instruments:

The Company uses derivative financial instruments, primarily foreign currency forward exchange contracts, to reduce the effects of fluctuations in foreign currency exchange rates and interest rate swap transactions to offset the effects o

Table of Contents

Foreign Currency Forward Exchange Contracts

While the Company continues to utilize derivative financial instruments, in the case of foreign currency forward exchange contracts, to reduce the effects of fluctuations in foreign currency exchange rates in connection with its inventory

The original U.S. dollar notional amount of the foreign currency forward exchange contracts outstanding at December 31, 2007 and 2006 was $23.6 million and $42.5 million, respectively. At December 31, 2007, the change in the fair v

During 2006 and 2005, net derivative losses of $0.3 million and $2.2 million, respectively, were reclassified to the Statement of Operations. The fair value of the foreign currency foreign exchange contracts outstanding at December 31,

Interest Rate Swap Transaction

In September 2007, Products Corporation executed a floating-to-fixed interest rate swap transaction with a notional amount of $150.0 million over a period of two years relating to indebtedness under Products Corporation's 2006 Term I

Products Corporation's interest rate swap transaction qualifies for hedge accounting treatment under SFAS No. 133 and has been designated as a cash flow hedge. Accordingly, the effective portion of the changes in fair value of the inter transaction, if any, is recognized in interest expense. Any unrecognized income (loss) accumulated in other comprehensive loss related to this interest rate swap transaction is recorded in the Statement of Operations, primarily in interest expe

At December 31, 2007, the fair value of Products Corporation's interest rate swap transaction was $(2.2) million and the accumulated losses recorded in other comprehensive loss were $2.1 million. During 2007, a derivative gain of $0.4

Advertising and Promotion:

The costs of promotional displays are expensed in the period in which they are shipped to customers. Television, print and other advertising production costs are expensed the first time the advertising takes place. Advertising and promo

Distribution Costs:

Costs, such as freight and handling costs, associated with product distribution are expensed within SG&A when incurred. Distribution costs were $68.5 million, $67.6 million and $68.3 million for 2007, 2006 and 2005, respectively.

Recent Accounting Pronouncements:

In September 2006, the FASB issued SFAS No. 157, ''Fair Value Measurements.'' This statement clarifies the definition of fair value of assets and liabilities, establishes a framework for measuring fair value of assets and liabilities, and

In September 2006, the FASB issued SFAS No. 158, ''Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statement Nos. 87, 88, 106, and 132(R)''. SFAS No. 158 is intended

a. Recognize the funded status of a benefit plan — measured as the difference between plan assets at fair value (with limited exceptions) and the benefit obligation — in its statement of financial position. For a pension plan, the benefit obligation is the projected benefit obligation; for any other post-retirement benefit plan, such as a retiree health care plan, the benefit obligation is the accumulated post-retirement benefit obligation;

b. Recognize as a component of other comprehensive income (loss), net of tax, the gains or losses recognized and prior service costs or credits that arise during the year but are not recognized in net income (loss) as components of net periodic benefit cost pursuant to FASB Statement No. 87, ''Employers' Accounting for Pensions'', or No. 106, ''Employers' Accounting for Postretirement Benefits Other Than Pensions''. Amounts recognized in accumulated other comprehensive income, including the gains or losses, prior service costs or credits, and the transition assets or obligations remaining from the initial application of Statements Nos. 87 and 106, are adjusted as they are subsequently recognized as components of net periodic benefit cost pursuant to the recognition and amortization provisions of Statements Nos. 87 and 106; and

c. Disclose in the notes to financial statements additional information about certain effects on net periodic benefit cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition assets or obligations.

As of January 1, 2007, the Company adopted the requirement to measure defined benefit plan assets and obligations as of the date of the Company's fiscal year ending December 31, 2007, rather than using a September 30th measuremen

2. RESTRUCTURING COSTS AND OTHER, NET

During 2007, the Company recorded total restructuring charges of approximately $7.3 million, of which $4.4 million was associated with the restructurings announced in 2006 (the ''2006 Programs''), primarily for employee severance a

The 2006 Programs were designed to reduce ongoing costs and improve the Company's operating profit margins, and to streamline internal processes to enable the Company to continue to be more effective and efficient in meeting the n

Table of Contents

Details of the activity described above during 2007, 2006 and 2005 are as follows:

	Balance Beginning of Year	Expenses, Net	Utilized, Net Cash	Utilized, Net Noncash	Balance End of Year
2007					
Employee severance and other personnel benefits:					
2003 programs	$ 0.1	$ —	$ (0.1)	$ —	$ —
2004 programs	0.1	—	(0.1)	—	—
2006 Programs	17.2	4.4	(16.2)	(1.3)	4.1
Other 2006 programs(a)	0.1	—	(0.1)	—	—
2007 Programs	—	2.9	(2.3)	—	0.6
	17.5	7.3	(18.8)	(1.3)	4.7
Leases and equipment write-offs	0.4	—	—	(0.2)	0.2
	$ 17.9	$ 7.3	$ (18.8)	$ (1.5)	$ 4.9
2006					
Employee severance and other personnel benefits:					
2003 programs	$ 1.2	$ (0.3)	$ (0.8)	$ —	$ 0.1
2004 programs	2.4	—	(2.3)	—	0.1
2006 Programs	—	27.6	(10.4)	—	17.2
Other 2006 programs(a)	—	0.3	(0.2)	—	0.1
	3.6	27.6	(13.7)	—	17.5
Leases and equipment write-offs	0.6	(0.2)	0.2	(0.2)	0.4
	$ 4.2	$ 27.4	$ (13.5)	$ (0.2)	$ 17.9
2005					
Employee severance and other personnel benefits:					
2003 programs	$ 3.1	$ —	$ (1.7)	$ (0.2)	$ 1.2
2004 programs	5.1	1.5	(3.9)	(0.3)	2.4
	8.2	1.5	(5.6)	(0.5)	3.6
Leases and equipment write-offs	2.9	—	(2.0)	(0.3)	0.6
	$ 11.1	$ 1.5	$ (7.6)	$ (0.8)	$ 4.2

(a) Other 2006 programs refer to various immaterial international restructurings in respect of Chile, Brazil and Israel.

As of December 31, 2007, 2006 and 2005, the unpaid balance of the restructuring costs and other, net for reserves is included in ''Accrued expenses and other'' and ''Other long-term liabilities'' in the Company's Consolidated Balance S

3. INVENTORIES

	December 31, 2007	December 31, 2006
Raw materials and supplies	$ 59.1	$ 50.5
Work-in-process	17.4	15.9
Finished goods	92.6	120.1
	$ 169.1	$ 186.5

4. PREPAID EXPENSES AND OTHER

	December 31, 2007	December 31, 2006
Prepaid expenses	$ 30.2	$ 38.6
Other	22.4	19.7
	$ 52.6	$ 58.3

5. PROPERTY, PLANT AND EQUIPMENT, NET

	December 31, 2007	December 31, 2006
Land and improvements	$ 2.0	$ 2.3
Building and improvements	59.0	59.5
Machinery, equipment and capital leases	134.5	133.3
Office furniture, fixtures and capitalized software	91.6	115.9
Leasehold improvements	12.1	17.3
Construction-in-progress	13.5	15.9
	312.7	344.2
Accumulated depreciation	(199.0)	(228.9)
	$ 113.7	$ 115.3

Depreciation expense for the years ended December 31, 2007, 2006 and 2005 was $20.1 million, $26.5 million and $22.7 million, respectively.

6. ACCRUED EXPENSES AND OTHER

	December 31, 2007	December 31, 2006
Sales returns and allowances	$ 100.8	$ 124.9
Advertising and promotional costs	39.7	43.0
Compensation and related benefits	42.0	28.5
Interest	18.9	21.0
Taxes, other than federal income taxes	15.9	13.7
Restructuring costs	4.6	14.7
Other	28.5	26.7
	$ 250.4	$ 272.5

7. SHORT-TERM BORROWINGS

Products Corporation had outstanding short-term bank borrowings (excluding borrowings under the 2006 Credit Agreements, which are reflected in Note 8, ‘‘Long-Term Debt’’), aggregating $2.1 million and $9.6 million at December 3 short-term borrowings outstanding at December 31, 2007 and 2006 was 7.6% and 11.5%, respectively. Under certain of these short-term borrowing arrangements, the Company is permitted to borrow against its cash balances. The cash balan

8. LONG-TERM DEBT

	December 31, 2007	December 31, 2006
2006 Term Loan Facility due 2012 (See (a) below)	$ 840.0	$ 840.0
2006 Revolving Credit Facility due 2012 (See (a) below)	43.5	57.5
9½% Senior Notes due 2011, net of discounts (See (b) below)	387.5	386.9
8 5/8% Senior Subordinated Notes due 2008 (See (c) below)(1)	167.4	217.4
2004 Consolidated MacAndrews & Forbes Line of Credit (See (d) below)	—	—
Other long-term debt	0.5	—
	1,438.9	1,501.8
Less current portion	(6.5)	—
	$ 1,432.4	$ 1,501.8

(1) In January 2008, Products Corporation entered into its previously-announced $170 million Senior Subordinated Term Loan Agreement with MacAndrews & Forbes (the ‘‘MacAndrews & Forbes Senior Subordinated Term Loan Agreement’’) and on February 1, 2008, Products Corporation used the proceeds of such loan to repay in full the approximately $167.4 million remaining aggregate principal amount of Products Corporation’s 8 5/8% Senior Subordinated Notes due February 1, 2008 (the ‘‘ 8 5/8% Senior Subordinated Notes’’), which matured on February 1, 2008, and to pay certain related fees and expenses, including the payment to MacAndrews & Forbes of a facility fee of $2.55 million (or 1.5% of the total aggregate principal amount of such loan) upon MacAndrews & Forbes’ funding of such loan. In connection with such repayment, Products Corporation also paid from cash on hand approximately $7.2 million of accrued and unpaid interest due on the 8 5/8% Senior Subordinated Notes up to, but not including, the February 1, 2008 maturit y date. In accordance with SFAS No. 6, ‘‘Classification of Short-Term Obligations Expected to be Refinanced,’’ the approximately $167.4 million remaining aggregate principal amount of Products Corporation’s 8 5/8% Senior Subordinated Notes has been classified as long-term due to the MacAndrews & Forbes Senior Subordinated Term Loan. (See Note 19, ‘‘Subsequent Events’’ describing the full repayment of the balance of the 8 5/8% Senior Subordinated Notes on their February 1, 2008 maturi ty date).

2007 Transactions

The Company completed several significant financing transactions during 2007.

$100 Million Rights Offering-2007

In January 2007, Revlon, Inc. completed a $100 million rights offering of Class A Common Stock (including the related private placement to MacAndrews & Forbes, together the ‘‘$100 Million Rights Offering’’), which it launched in D

In completing the $100 Million Rights Offering, Revlon, Inc. issued an additional 95,238,095 shares of its Class A Common Stock, including 37,847,472 shares subscribed for by public shareholders (other than MacAndrews & Forbes)

2006 Transactions

Credit Agreement Refinancing — December 2006

In December 2006, Products Corporation completed a refinancing of its 2004 Credit Agreement (as hereinafter defined) by entering into the 5-year $840.0 million 2006 Term Loan Facility (as hereinafter defined), and entering into the 2

$110 Million Rights Offering — March 2006

In March 2006, Revlon, Inc. completed the $110 Million Rights Offering (as hereinafter defined), which allowed stockholders of record to purchase additional shares of Class A Common Stock. The subscription price for each share of C

2005 Transactions

The Company completed two significant financing transactions during 2005: (i) Products Corporation issued $310.0 million aggregate principal amount of its 9½% Senior Notes (as hereinafter defined), and using the proceeds of such n

(a) Credit Agreements:

Complete Refinancing of the 2004 Credit Agreement in December 2006

In July 2004, Products Corporation entered into a credit agreement (the ‘‘2004 Credit Agreement’’) with certain of its subsidiaries as local borrowing subsidiaries, a syndicate of lenders, Citicorp USA, Inc., as multi-currency administrat

The 2004 Credit Agreement originally provided up to $960.0 million and consisted of a term loan facility of $800.0 million (the ‘‘2004 Term Loan Facility’’) and a $160.0 million multi-currency revolving credit facility, the availability u

On December 20, 2006, Products Corporation replaced the $800 million 2004 Term Loan Facility under its 2004 Credit Agreement with a 5-year, $840 million term loan facility (the ‘‘2006 Term Loan Facility’’) by entering into a term l

Among other things, the 2006 Credit Facilities extended the maturity dates for Products Corporation’s bank credit facilities from July 9, 2009 to January 15, 2012 in the case of the 2006 Revolving Credit Facility and from July 9, 2010 to

Availability under the 2006 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 equipm

In each case subject to borrowing base availability, the 2006 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 million;

(iii) Products Corporation in standby and commercial letters of credit denominated in U.S. dollars and other currencies up to $60 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.

If the value of the eligible assets is not sufficient to support a $160 million borrowing base under the 2006 Revolving Credit Facility, Products Corporation will not have full access to the 2006 Revolving Credit Facility. Products Corpora

Borrowings under the 2006 Revolving Credit Facility (other than loans in foreign currencies) bear interest at a rate equal to, at Products Corporation’s option, either (i) the Eurodollar Rate plus 2.00% per annum or (ii) the Alternate Base

Products Corporation pays to the lenders under the 2006 Revolving Credit Facility a commitment fee of 0.30% (reduced from 0.50% applicable under the previous 2004 Credit Agreement) of the average daily unused portion of the 2006

(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.

The 2006 Term Loan Facility consists of a $840 million term loan, which was drawn in full on the December 20, 2006 closing date and used to repay in full the approximately $798 million of outstanding term loans under the 2004 Cred

Under the 2006 Term Loan Facility, Eurodollar Loans bear interest at the Eurodollar Rate plus 4.00% per annum and Alternate Base Rate loans bear interest at the Alternate Base Rate plus 3.00% per annum (reducing the applicable mar

Prior to the termination date of the 2006 Term Loan Facility, on April 15, July 15, October 15 and January 15 of each year (commencing April 15, 2008), Products Corporation is required to repay $2.1 million of the principal amount of

(i) the net proceeds in excess of $10.0 million for each twelve-month period ending on each July 9 (or $25.0 million for the twelve-month period ending on July 9, 2007) received during such period from sales of Term Loan First Lien Collateral (as defined below) by Products Corporation or any of its subsidiary guarantors (subject to carryover of unused annual basket amounts up to a maximum of $25.0 million and subject to certain specified dispositions up to an additional $25.0 million in the aggregate);

(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.

Under the 2006 Term Loan Facility, certain pre-payments require the payment of fees of 2% if such pre-payment is on or prior December 20, 2008 and 1% if on or prior to December 20, 2009, in each case of the amount prepaid.

Under certain circumstances, Products Corporation will have the right to request the 2006 Revolving Credit Facility to be increased by up to $50.0 million and the 2006 Term Loan Facility to be increased by up to $200.0 million, provid

The 2006 Credit Facilities are supported by, among other things, guarantees from Revlon, Inc. and, subject to certain limited exceptions, the domestic subsidiaries of Products Corporation. The obligations of Products Corporation under the 2006 Credit Facilities and the obligations under the guarantees are secured by, subject to certain limited exceptions, substantially all of the assets of Products Corporation and the subsidiary guarantors, inclu

(i) mortgages on owned real property, including Products Corporation's facility in Oxford, North Carolina and property in Irvington, New Jersey;

(ii) the capital stock of Products Corporation and the subsidiary guarantors and 66% of the capital stock of Products Corporation's and the subsidiary guarantors' first-tier foreign subsidiaries;

(iii) intellectual property and other intangible property of Products Corporation and the subsidiary guarantors; and

(iv) inventory, accounts receivable, equipment, investment property and deposit accounts of Products Corporation and the subsidiary guarantors.

The liens on, among other things, inventory, accounts receivable, deposit accounts, investment property (other than the capital stock of Products Corporation and its subsidiaries), real property, equipment, fixtures and certain intangible p

Each of the 2006 Credit Facilities contains 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 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 Stock Plan and/or the payment of withholding taxes in connection with the vesting of restricted stock awards under such plan, and

- (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;

(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 affiliates of Products Corporation other than upon terms no less favorable to Products Corporation or its subsidiaries than it would obtain in an arms' length transaction.

In addition to the foregoing, the 2006 Term Loan Facility contains a financial covenant limiting Products Corporation's senior secured leverage ratio (the ratio of Products Corporation's Senior Secured Debt (excluding debt outstanding

Under certain circumstances if and when the difference between (i) the borrowing base under the 2006 Revolving Credit Facility and (ii) the amounts outstanding under the 2006 Revolving Credit Facility is less than $20.0 million for a

The events of default under each 2006 Credit Facility include customary events of default for such types of agreements, including:

(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 such 2006 Credit Facility 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 Products Corporation's 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 $5.0 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 $5.0 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 2006 Term Loan Facility, a cross default under the 2006 Revolving Credit Facility, and in the case of the 2006 Revolving Credit Facility, a cross default under the 2006 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 or persons owns, directly or indirectly, more than 35% of the total voting power of Products Corporation, (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) dur ing 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 $66^2/_3$% of such continuing directors) shall cease to be a majority of the directors;

(viii) the failure by Revlon, Inc. to contribute to Products Corporation all of the net proceeds it receives from any other sale of its equity securities or Products Corporation's capital stock, subject to certain limited exceptions;

(ix) the failure of any of Products Corporation's, its subsidiaries' or Revlon, Inc.'s representations or warranties in any of the documents entered into in connection with the 2006 Credit Facility to be correct, true and not misleading in all material respects when made or confirmed;

(x) the conduct by Revlon, Inc., of any meaningful business activities other than those that are customary for a publicly traded holding company which is not itself an operating company, including the ownership of meaningful assets (other than Products Corporation's capital stock) or the incurrence of debt, in each case subject to limited exceptions;

(xi) any M&F Lenders' failure to fund any binding commitments by such M&F Lender under any agreement governing certain loans from the M&F Lenders (excluding the MacAndrews & Forbes Senior Subordinated Term Loan which was fully funded by MacAndrews & Forbes in February 2008); and

(xii) the failure of certain of Products Corporation's 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.

If Products Corporation is in default under the senior secured leverage ratio under the 2006 Term Loan Facility or the consolidated fixed charge coverage ratio under the 2006 Revolving Credit Facility, Products Corporation may cure su

Products Corporation was in compliance with all applicable covenants under the 2006 Credit Agreements as of December 31, 2007. At December 31, 2007, the 2006 Term Loan Facility was fully drawn and availability under the $160.0

Other Transactions under the 2004 Credit Agreement Prior to Its Complete Refinancing in December 2006

In March 2005, the 2004 Term Loan Facility was reduced to $700.0 million following Products Corporation's March 2005 pre-payment of $100.0 million with a portion of the proceeds from its issuance of the 9½% Senior Notes and in .

In February 2006, Products Corporation secured an amendment to the 2004 Credit Agreement (the ''first amendment''), which excluded from various financial covenants certain charges in connection with the 2006 Programs described i

In July 2006, Products Corporation secured a further amendment (the ''second amendment'') to its 2004 Credit Agreement to, among other things, add an additional $100.0 million to the 2004 Credit Agreement's 2004 Term Loan Facili stepping down to 5.0 to 1.0 for the remainder of the term of the 2004 Credit Agreement. The second amendment also enabled Products Corporation to add back to the 2004 Credit Agreement's definition of ''EBITDA'' up to $25 million relat

In September 2006, Products Corporation secured an additional amendment (the ''third amendment'') to its 2004 Credit Agreement, which enabled Products Corporation to add back to the 2004 Credit Agreement's definition of ''EBITD

(b) 9½% Senior Notes due 2011:

Products Corporation issued $310.0 million aggregate principal amount of 9½% Senior Notes due 2011 (the ''Original 9½% Senior Notes'') pursuant to an indenture, dated as of March 16, 2005, by and between Products Corporation an

The proceeds from the Original 9½% Senior Notes were used in March 2005 to prepay $100.0 million of indebtedness outstanding under the 2004 Term Loan Facility of Products Corporation's 2004 Credit Agreement, together with acc

The remaining $197.9 million of proceeds from the Original 9½% Senior Notes was placed in a debt defeasance trust and, in April 2005, used to redeem all of the $116.2 million aggregate principal amount outstanding of Products Corp

In June 2005, all of the Original 9½% Senior Notes were exchanged for new 9½% Senior Notes (the ''March 2005 9½% Senior Notes''), which have substantially identical terms to the Original 9½% Senior Notes, except that the March

In August 2005, Products Corporation issued $80.0 million aggregate principal amount of additional 9½% Senior Notes due 2011, which priced at 95¼% of par (the ''Additional 9½% Senior Notes''), in a private placement to institution

In December 2005, all of the Additional 9½% Senior Notes issued by Products Corporation in August 2005 were exchanged for new 9½% Senior Notes (the ‘‘August 2005 9½% Senior Notes’’), which have substantially identical terms

The 9½% Senior Notes are senior unsecured obligations of Products Corporation ranking equally in right of payment with any of Products Corporation’s present and future senior indebtedness, including the indebtedness under the 2006

The 9½% Senior Notes indenture provides that Products Corporation may redeem the 9½% Senior Notes at its option, in whole or in part, at any time on or after April 1, 2008, at the redemption prices set forth in the 9½% Senior Notes i

In addition, the 9½% Senior Notes indenture provides that Products Corporation is entitled to redeem the 9½% Senior Notes at any time or from time to time prior to April 1, 2008 at a redemption price per note equal to the sum of (1) th

Pursuant to the 9½% Senior Notes indenture, upon a Change of Control (as defined in such indenture), each holder of the 9½% Senior Notes has the right to require Products Corporation to make an offer to repurchase all or a portion of

The 9½% Senior Notes indenture contains covenants which, subject to certain exceptions, limit the ability of Products Corporation and its subsidiaries to, among other things, incur additional indebtedness, pay dividends on or redeem or

The 9½% Senior Notes indenture contains customary events of default for debt instruments of such type and includes a cross acceleration provision which provides that it shall be an event of default if any debt (as defined in such indent of a majority in aggregate principal amount of the outstanding notes under such indenture may, by notice to the trustee, waive any such default or event of default and its consequences under such indenture.

(c) The 8$^{5}/_{8}$% Senior Subordinated Notes due 2008 (the ''8$^{5}/_{8}$% Senior Subordinated Notes''):

(See Note 19, ''Subsequent Events'' describing the full repayment of the balance of the 8$^{5}/_{8}$% Senior Subordinated Notes on their February 1, 2008 maturity date). Prior to their full repayment in February 2008, the 8$^{5}/_{8}$% Senior Subordi

In March 2006, Revlon, Inc. completed the $110 Million Rights Offering and promptly transferred the proceeds to Products Corporation, which it used in April 2006, together with available cash, to complete the redemption of $109.7 m

In January 2007, Revlon, Inc. completed the $100 Million Rights Offering and promptly transferred the proceeds to Products Corporation, which it used to redeem approximately $50.0 million in aggregate principal amount of the 8$^{5}/_{8}$%

(d) 2004 Consolidated MacAndrews & Forbes Line of Credit:

In July 2004, Products Corporation and MacAndrews & Forbes entered into an agreement (as amended, the ''2004 Consolidated MacAndrews & Forbes Line of Credit''), which effective as of August 10, 2004 provided Products Corpor

Long-Term Debt Maturities

The aggregate amounts of contractual long-term debt maturities at December 31, 2007 in the years 2008 through 2012 and thereafter are as follows:

Years ended December 31,	Long-term debt maturities
2008	$ 173.9(a)
2009	8.7(b)
2010	8.4
2011	398.4(c)
2012	852.0
Thereafter	—
Total long-term debt	$ 1,441.4

(a) On February 1, 2008, Products Corporation used the $170 million proceeds of the MacAndrews & Forbes Senior Subordinated Term Loan to repay in full the approximately $167.4 million remaining aggregate principal amount of Products Corporation's 8$\frac{5}{8}$% Senior Subordinated Notes, which matured on February 1, 2008, and to pay certain related fees and expenses, including the payment to MacAndrews & Forbes of a facility fee of $2.55 million (or 1.5% of the total aggregate principal amount of such loan) upon MacAndrews & Forbes' funding of such loa n. In connection with such repayment, Products Corporation also paid from cash on hand approximately $7.2 million of accrued and unpaid interest due on the 8$\frac{5}{8}$% Senior Subordinated Notes up to, but not including, the February 1, 2008 maturity date. The MacAndrews & Forbes Senior Subordinated Term Loan matures in August 2009. (See Note 19, ''Subsequent Events'').

(b) See footnote (a) above regarding the MacAndrews & Forbes Senior Subordinated Term Loan which matures in August 2009.

(c) Amount refers to the principal balance due on the 9½% Senior Notes. The difference between this amount and the carrying amount is due to the issuance of the $80.0 million in aggregate principal amount of the Additional 9½% Senior Notes at a discount, priced at 95¼% of par.

2004 Investment Agreement

In February 2004, Revlon, Inc.'s Board of Directors approved agreements with Fidelity Management & Research Company (''Fidelity'') and MacAndrews & Forbes intended to strengthen the Company's balance sheet, as well as an Inv

In connection with the closing of the Revlon Exchange Transactions on March 25, 2004, MacAndrews & Forbes Holdings executed a joinder agreement to the Revlon, Inc. registration rights agreement pursuant to which all Class A Cor

Pursuant to the 2004 Investment Agreement, in addition to the Revlon Exchange Transactions, Revlon, Inc. committed to conduct further rights and equity offerings (such equity offerings, together with the Revlon Exchange Transaction

2004 Investment Agreement, MacAndrews & Forbes agreed to take, or cause to be taken, all commercially reasonable actions to facilitate the Debt Reduction Transactions, including back-stopping certain rights offerings.

In August 2005, Revlon, Inc. announced its plan to issue $185.0 million of equity. In connection with such plans, MacAndrews & Forbes and Revlon, Inc. amended the 2004 Investment Agreement in August 2005 to increase MacAndre

In December 2006 Revlon, Inc. launched a $100 million rights offering of Class A Common Stock and a related private placement to MacAndrews & Forbes, which it completed in January 2007 (together, the ‘‘$100 Million Rights Offe

$110 Million Rights Offering

In March 2006, Revlon, Inc. completed the $110 Million Rights Offering which allowed each stockholder of record of Revlon, Inc.’s Class A and Class B Common Stock as of the close of business on February 13, 2006, the record date

In completing the $110 Million Rights Offering, Revlon, Inc. issued an additional 39,285,714 shares of its Class A Common Stock, including 15,885,662 shares subscribed for by public shareholders (other than MacAndrews & Forbes)

$100 Million Rights Offering

In December 2006, Revlon, Inc. launched the $100 Million Rights Offering, which allowed each stockholder of record of Revlon, Inc.’s Class A and Class B Common Stock as of the close of business on December 11, 2006, the record

$50.0 million aggregate principal amount of its 8⅝% Senior Subordinated Notes, at an aggregate redemption price of $50.3 million, including $0.3 million of accrued and unpaid interest up to, but not including, the redemption date. (See No

In completing the $100 Million Rights Offering, in January 2007, Revlon, Inc. issued an additional 95,238,095 shares of its Class A Common Stock, including 37,847,472 shares subscribed for by public shareholders (other than MacAn

As a result of completing the $100 Million Rights Offering in January 2007, Revlon, Inc.'s total number of outstanding shares of Class A Common Stock increased to 476,688,940 shares at such date and the total number of shares of Co

Liquidity Considerations

The Company expects that operating revenues, cash on hand and funds available for borrowing under the 2006 Revolving Credit Agreement and other permitted lines of credit will be sufficient to enable the Company to cover its operati

However, there can be no assurance that such funds will be sufficient to meet the Company's cash requirements on a consolidated basis. If the Company's anticipated level of revenue growth is not achieved because of, for example, decr

In the event of a decrease in demand for the Company's products, reduced sales, lack of increases in demand and sales, changes in consumer purchasing habits, including with respect to shopping channels, retailer inventory managemen product discontinuances and/or advertising and promotion expenses or returns expenses exceeding its expectations or less than anticipated results from the Company's existing or new products or from its advertising and/or marketing plans, a

If the Company is unable to satisfy its cash requirements from the sources identified above or comply with its debt covenants, the Company could be required to adopt one or more of the following alternatives:

- delaying the implementation of or revising certain aspects of the Company's business strategy;
- reducing or delaying purchases of wall displays or advertising or promotional expenses;
- reducing or delaying capital spending;
- delaying, reducing or revising the Company's restructuring programs;
- restructuring Products Corporation's indebtedness;
- selling assets or operations;
- seeking additional capital contributions or loans from MacAndrews & Forbes, the Company's other affiliates and/or third parties;
- selling additional Revlon, Inc. equity securities or debt securities of Revlon, Inc. or Products Corporation; or
- reducing other discretionary spending.

There can be no assurance that the Company would be able to take any of the actions referred to above because of a variety of commercial or market factors or constraints in Products Corporation's debt instruments, including, without li

Revlon, Inc., as a holding company, will be dependent on the earnings and cash flow of, and dividends and distributions from, Products Corporation to pay its expenses and to pay any cash dividend or distribution on Revlon, Inc.'s Class

9. FINANCIAL INSTRUMENTS

The fair value of the Company's long-term debt is based on the quoted market prices for the same issues or on the current rates offered to the Company for debt of the same remaining maturities. The estimated fair value of long-term del

Products Corporation also maintains standby and trade letters of credit with certain banks for various corporate purposes under which Products Corporation is obligated, of which approximately $14.6 million and $15.1 million (includin

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

10. INCOME TAXES

The Company's income (loss) before income taxes and the applicable provision (benefit) for income taxes are as follows:

	Year Ended December 31, 2007	2006	2005
Income (loss) before income taxes:			
Domestic	$ (54.0)	$ (244.4)	$ (97.2)
Foreign	45.9	13.2	22.0
	$ (8.1)	$ (231.2)	$ (75.2)
Provision (benefit) for income taxes:			
Federal	$ 0.2	$ 0.2	$ 0.1
State and local	(0.2)	1.2	0.4
Foreign	8.0	18.7	8.0
	$ 8.0	$ 20.1	$ 8.5
Current	$ 21.6	$ 22.5	$ 15.2
Deferred	(4.2)	0.2	0.1
Benefits of operating loss carryforwards	(3.5)	(2.6)	(3.0)
Resolution of tax matters	(5.9)	—	(3.8)
	$ 8.0	$ 20.1	$ 8.5

The actual tax on loss before income taxes is reconciled to the applicable statutory federal income tax rate as follows:

	Year Ended December 31, 2007	2006	2005
Computed expected tax expense	$ (2.8)	$ (80.9)	$ (26.3)
State and local taxes, net of federal income tax benefit	(0.1)	0.8	0.3
Foreign and U.S. tax effects attributable to operations outside the U.S.	5.5	2.7	(7.7)
Change in valuation allowance	(2.4)	90.9	27.7
Foreign dividends subject to tax	12.0	4.8	18.5
Resolution of tax matters	(5.9)	—	(3.8)
Other	1.7	1.8	(0.2)
Tax expense	$ 8.0	$ 20.1	$ 8.5

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2007 and 2006 are presented below:

	December 31, 2007	December 31, 2006
Deferred tax assets:		
Accounts receivable, principally due to doubtful accounts	$ 1.1	$ 1.2
Inventories	10.5	22.2
Net operating loss carryforwards — domestic	281.8	286.6
Net operating loss carryforwards — foreign	119.5	122.2
Accruals and related reserves	1.8	6.8
Employee benefits	53.3	68.1
State and local taxes	6.6	7.9
Advertising, sales discount, returns and coupon redemptions	38.5	47.9
Other	27.4	38.7
Total gross deferred tax assets	540.5	601.6
Less valuation allowance	(512.8)	(570.7)
Total deferred tax assets, net of valuation allowance	27.7	30.9
Deferred tax liabilities:		
Plant, equipment and other assets	(15.5)	(26.8)
Other	(3.6)	(0.3)
Total gross deferred tax liabilities	(19.1)	(27.1)
Net deferred tax assets	$ 8.6	$ 3.8

As a result of the Company’s adoption of FIN 48 effective as of January 1, 2007, the Company reduced its total tax reserves by approximately $26.8 million, which resulted in a corresponding reduction of accumulated deficit. As of the

At December 31, 2007, the Company had tax reserves of $55.8 million, including $22.1 million of accrued interest included in tax reserves. A reconciliation of the beginning and ending amount of the tax reserves is as follows:

Balance at January 1, 2007	$ 59.2
Increase based on tax positions taken in a prior year	5.9
Increase based on tax positions taken in the current year	5.8
Decrease related to settlements with taxing authorities and changes in law	(7.4)
Decrease resulting from the lapse of statutes of limitations	(7.7)
Balance at December 31, 2007	$ 55.8

In addition, the Company believes that it is reasonably possible that its tax reserves during 2008 will increase by approximately $5.9 million as a result of changes in various tax positions, each of which is individually insignificant.

In assessing the recoverability of its deferred tax assets, management considers whether some portion or all of the deferred tax assets will not be realized based on the recognition threshold and measurement of a tax position in accordanc

During 2007, 2006 and 2005, certain of the Company's foreign subsidiaries used operating loss carryforwards to credit the current provision for income taxes by $3.5 million, $2.6 million and $1.1 million, respectively. Certain other fore

As a result of the closing of the Revlon Exchange Transactions, as of March 25, 2004, Revlon, Inc., Products Corporation and their U.S. subsidiaries were no longer included in the the affiliated group of which MacAndrews & Forbes w

The Company has not provided for U.S. Federal and foreign withholding taxes on $56.0 million of foreign subsidiaries' undistributed earnings as of December 31, 2007, because such earnings are intended to be indefinitely reinvested o

In June 1992, Revlon Holdings (as hereinafter defined), Revlon, Inc., Products Corporation and certain of its subsidiaries, and MacAndrews & Forbes Holdings entered into a tax sharing agreement (as subsequently amended and restated member of such group. In these taxable periods, Revlon, Inc. and Products Corporation were included in the MacAndrews & Forbes Group, and Revlon, Inc.'s and Products Corporation's federal taxable income and loss were included in suc

Following the closing of the Revlon Exchange Transactions in March 2004, Revlon, Inc. became the parent of a new consolidated group for federal income tax purposes and Products Corporation's federal taxable income and loss will b

There were no federal tax payments or payments in lieu of taxes from Revlon, Inc. to Revlon Holdings pursuant to the MacAndrews & Forbes Tax Sharing Agreement or from Products Corporation to Revlon, Inc. pursuant to the Revlo

Pursuant to the asset transfer agreement referred to in Note 15, Products Corporation assumed all tax liabilities of Revlon Holdings other than (i) certain income tax liabilities arising prior to January 1, 1992 to the extent such liabilities e

11. SAVINGS PLAN, PENSION AND POST-RETIREMENT BENEFITS

Savings Plan:

The Company offers a qualified defined contribution plan for U.S.-based employees, the Revlon Employees' Savings, Investment and Profit Sharing Plan (as amended, the ''Savings Plan''), which allows eligible participants to contribu

Pension Benefits:

The Company sponsors a number of qualified defined benefit pension plans covering a substantial portion of the Company's employees in the U.S. The Company also has nonqualified pension plans which provide benefits for certain U.

Other Post-retirement Benefits:

The Company previously sponsored an unfunded retiree benefit plan, which provides death benefits payable to beneficiaries of a very limited number of former employees. Participation in this plan was limited to participants enrolled as

Adoption of SFAS No. 158:

Effective as of January 1, 2007, the Company early adopted the measurement date provisions of SFAS No. 158. These provisions of SFAS No. 158 require the Company to measure defined benefit plan assets and obligations as of the da

Effective as of December 31, 2006, the Company adopted the recognition and dislosure provisions of SFAS No. 158. These provisions of SFAS No. 158 require the Company to recognize the funded status of its defined benefit pension

Upon adoption of the recognition and disclosure provisions of SFAS No. 158, appropriate adjustments were made to various assets and liabilities as of December 31, 2006, with a net offsetting after-tax effect of $(5.6) million recorded a

The Company adjusted the presentation of 2006 Total Comprehensive Loss to separately report the $19.0 million adjustment for minimum pension liability and the $(24.6) million adjustment for the initial adoption of SFAS No.158, whi

$248.2 million reported in the 2006 Form 10-K. Such adjustment does not have any impact on the balance of Accumulated Other Comprehensive Loss and Total Stockholders' Deficiency at December 31, 2006 as reported in the 2006 Form 1

The following table summarizes the effect of the reversal of the additional minimum liabilities at the year ended December 31, 2006, as well as the recognition of actuarial gains and prior service costs as an adjustment to accumulated ot

		SFAS No. 158 Adjustments		
	Prior to Adjustments	Reversal of Minimum Pension Liability	Actuarial Gains (Losses) & Prior Service Cost	As Reported at December 31, 2006
Other assets(a)	$ 142.5	$ —	$ (0.1)	$ 142.4
Pension and other post-retirement benefit liabilities(b)	158.5	(88.0)	112.5	183.0
Accumulated other comprehensive (loss)	(99.6)	88.0	(112.6)	(124.2)
Total stockholders' deficiency(a)	(1,205.2)	88.0(c)	(112.6)(c)	(1,229.8)

(a) The incremental effect of deferred tax assets at December 31, 2006 after giving effect to the adoption of the recognition provisions of SFAS No. 158 was offset by a valuation allowance, which resulted in no net tax impact due to the adoption of SFAS No. 158.

(b) The total liability for pension benefits includes the current portion of the pension liability, $7.3 million, which is recognized in the other current liabilities on the Consolidated Balance Sheet and $175.7 million, which was recognized in the long-term pension and other post-retirement liability on the Consolidated Balance Sheet at December 31, 2006.

(c) As a result of adopting and accounting for the recognition provisions of SFAS No. 158 effective as of December 31, 2006, the Company made appropriate adjustments to various assets and liabilities as of December 31, 2006, with a net offsetting after-tax effect of $(24.6) million recorded as a net adjustment to the ending balance of Accumulated Other Comprehensive Loss. This net adjustment is comprised of (1) an $88.0 million net adjustment to reverse the additional mimimum pension liabiliy and (2) a $(112.6) million net adjustment to recognize actuarial gains (losses) and prior service costs or credits.

The following table provides an aggregate reconciliation of the projected benefit obligations, plan assets, funded status and amounts recognized in the Company's consolidated financial statements related to the Company's significant pe

	Pension Plans			Other Post-retirement Benefit Plans		
	December 31, 2007	Measurement Date Change Q4 2006	September 30, 2006	December 31, 2007	Measurement Date Change Q4 2006	September 30, 2006
Change in Benefit Obligation:						
Benefit obligation — beginning of period	$ (599.3)	$ (595.8)	$ (587.8)	$ (15.1)	$ (15.1)	$ (13.2)
Service cost	(9.2)	(2.4)	(10.0)	—	—	(0.0)
Interest cost	(33.2)	(8.0)	(32.1)	(0.9)	(0.2)	(0.8)
Plan amendments	(0.7)	—	—	—	—	—
Actuarial gain (loss)	35.1	(0.5)	11.1	1.1	—	(2.3)
Special termination benefits	(0.1)	—	—	—	—	
Benefits paid	31.5	7.5	29.9	1.0	0.2	1.1
Foreign exchange (loss) gain	(2.2)	—	(6.7)	(0.1)	—	0.1
Plan participant contributions	(0.2)	(0.1)	(0.2)	—	—	—
Benefit obligation — end of period	$ (578.3)	$ (599.3)	$ (595.8)	$ (14.0)	$ (15.1)	$ (15.1)
Change in Plan Assets:						
Fair value of plan assets — beginning of period	$ 438.7	$ 424.0	$ 383.0	$ —	$ —	$ —
Actual return on plan assets	27.7	18.4	35.7	—	—	—
Employer contributions	37.1	3.7	30.6	1.0	0.3	1.1
Plan participant contributions	0.2	0.1	0.2	—	—	—
Benefits paid	(31.5)	(7.5)	(29.9)	(1.0)	(0.3)	(1.1)
Foreign exchange gain (loss)	1.5	—	4.4	—	—	—
Fair value of plan assets — end of period	$ 473.7	$ 438.7	$ 424.0	$ —	$ —	$ —
Underfunded status of plans at December 31	$ (105.5)	$ (160.6)		$ (14.0)	$ (15.1)	
Overfunded status of plans at December 31	$ 0.9	$ —		$ —	$ —	

In respect of pension plans and other post-retirement benefit plans, amounts recognized in the Company's Consolidated Balance Sheets at December 31, 2007 and 2006, respectively, consist of the following:

	Pension Plans		Other Post-retirement Benefit Plans	
	December 31,			
	2007	2006	2007	2006
Other long-term assets	$ 0.9	$ —	$ —	$ —
Accrued expenses and other	(6.1)	(6.1)	(1.0)	(1.2)
Pension and other post-retirement benefit liabilities	(99.4)	(162.0)	(13.0)	(13.7)
	(104.6)	(168.1)	(14.0)	(14.9)
Accumulated other comprehensive loss	72.3	109.4	2.6	3.7
	$ (32.3)	$ (58.7)	$ (11.4)	$ (11.2)

With respect to the above accrued net periodic benefit costs, the Company has recorded receivables from affiliates of $1.8 million and $1.9 million at December 31, 2007 and 2006, respectively, relating to pension plan liabilities retainec

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the Company's pension plans are as follows:

	December 31, 2007	2006	2005
Projected benefit obligation	$ 578.3	$ 599.3	$ 586.5
Accumulated benefit obligation	563.7	578.8	567.6
Fair value of plan assets	473.7	438.7	383.0

The components of net periodic benefit cost for the pension plans and other post-retirement benefit plans are as follows:

	Pension Plans			Other Post-retirement Benefit Plans		
	Years Ended December 31,					
	2007	2006	2005	2007	2006	2005
Net periodic benefit cost:						
Service cost	$ 9.2	$ 10.0	$ 9.6	$ 0.1	$ —	$ 0.1
Interest cost	33.1	32.1	31.0	0.9	0.8	0.9
Expected return on plan assets	(36.8)	(31.8)	(28.3)	—	—	—
Amortization of prior service cost	(0.5)	(0.5)	(0.6)	—	—	—
Amortization of actuarial loss (gain)	2.9	6.6	7.4	0.2	0.1	0.1
Settlement cost	—	0.1	—	—	—	—
Curtailment cost	0.1	(0.8)	—	—	—	—
	8.0	15.7	19.1	1.2	0.9	1.1
Portion allocated to Revlon Holdings	(0.1)	(0.1)	(0.1)	—	—	—
	$ 7.9	$ 15.6	$ 19.0	$ 1.2	$ 0.9	$ 1.1

Amounts recognized in accumulated other comprehensive loss at December 31, 2007, which have not yet been recognized as a component of net periodic pension cost, are as follows:

	Pension Benefits	Post-retirement Benefits	Total
Net actuarial loss	$ 73.8	$ 2.6	$ 76.4
Prior service credit	(1.5)	—	(1.5)
	72.3	2.6	74.9
Portion allocated (to) from Revlon Holdings	(0.5)	—	(0.5)
	$ 71.8	$ 2.6	$ 74.4

The total actuarial losses in respect of the Company's pension plans and other post-retirement plans included in accumulated other comprehensive income and expected to be recognized in net periodic pension cost during the fiscal year

The following weighted-average assumptions were used to determine the Company's projected benefit obligation at the end of year listed:

	U.S. Plans		International Plans	
	2007	2006	2007	2006
Discount rate	6.24%	5.75%	5.7%	5.0%
Rate of future compensation increases	4.0	4.0	4.3	3.9

The following weighted-average assumptions were used to determine the Company's net periodic benefit cost during the year listed:

	U.S. Plans			International Plans		
	2007	2006	2005	2007	2006	2005
Discount rate	5.75%	5.5%(a)	5.75%	5.0%	5.0%	5.5%
Expected return on plan assets	8.5	8.5	8.5	6.7	6.7	7.0
Rate of future compensation increases	4.0	4.0	4.0	3.9	3.7	3.7

(a) The discount rate used to determine the net periodic benefit cost for the Company's U.S. plans during 2006 was 5.5% and 5.75% for the nine months and final three months of 2006, respectively.

The 6.24% weighted-average discount rate for the U.S. plans for 2007 was derived by reference to appropriate benchmark yields on high quality corporate bonds, with terms which approximate the duration of the benefit payments and t

The Company considers a number of factors to determine its expected rate of return on plan assets assumption, including, without limitation, recent and historical performance of plan assets, asset allocation and other third-party studies a

The rate of future compensation increases is an assumption used by the actuarial consultants for pension accounting and is determined based on the Company's current expectation for such increases.

The following table presents domestic and foreign pension plan assets information at December 31, 2007, 2006 and 2005, respectively:

	U.S. Plans			International Plans		
	2007	2006	2005	2007	2006	2005
Fair value of plan assets	$ 424.4	$ 380.3	$ 347.5	$ 49.3	$ 43.7	$ 35.5

The Investment Committee for the Company's pension plans (the ''Investment Committee'') has adopted (and revises from time to time) an investment policy for the U.S. pension plans intended to meet or exceed the expected rate of re

The U.S. pension plans currently have the following target ranges for these asset classes, which are reviewed quarterly and considered for readjustment when an asset class weighting is outside of its target range (recognizing that these a

	Target Ranges
Asset Category:	
Equity securities	33% - 39%
Fixed income securities	20% - 26%
Real estate	0% - 3%
Cash and other investments	13% - 19%
Global balanced strategies	22% - 28%

The U.S. pension plans weighted-average asset allocations at December 31, 2007 and 2006, respectively, by asset categories were as follows:

	2007	2006
Asset Category:		
Equity securities	38.1%	37.6%
Fixed income securities	19.6	19.7
Cash and other investments	17.9	18.1
Global balanced strategies	24.4	24.6
	100.0%	100.0%

Within the equity securities asset class, the investment policy provides for investments in a broad range of publicly-traded securities ranging from small to large capitalization stocks and U.S. and international stocks. Within the fixed inc

The Investment Committee's investment policy does not allow the use of derivatives for speculative purposes, but such policy does allow its investment managers to use derivatives to reduce risk exposures or to replicate exposures of a

Contributions:

The Company's policy is to fund at least the minimum contributions required to meet applicable federal employee benefit and local laws, or to directly pay benefit payments where appropriate. During 2008, the Company expects to cont

Estimated Future Benefit Payments:

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Total Pension Benefits	Total Other Benefits
2008	$ 33.8	$ 1.0
2009	35.0	1.0
2010	35.8	1.1
2011	37.0	1.1
2012	39.0	1.2
Years 2013 to 2017	215.5	5.8

12. Stockholders' Equity

Information about the Company's common and treasury stock issued and/or outstanding is as follows:

	Common Stock		Treasury
	Class A	Class B	Stock
Balance, January 1, 2005	344,592,944	31,250,000	—
Exercise of stock options for common stock	18,125	—	—
Restricted stock grants	50,000	—	—
Cancellation of restricted stock	(188,334)		
Repurchase of restricted stock	—	—	236,315
Balance, December 31, 2005	344,472,735	31,250,000	—
Stock issuances	39,285,714		
Exercise of stock options for common stock	60,400	—	—
Restricted stock grants	6,511,675	—	—
Cancellation of restricted stock	(329,370)	—	—
Repurchase of restricted stock	—	—	193,351
Balance, December 31, 2006	390,001,154	31,250,000	429,666
Stock issuances	95,238,095	—	—
Restricted stock grants	8,313,520	—	—
Cancellation of restricted stock	(629,368)	—	—
Repurchase of restricted stock	—	—	876,133
Balance, December 31, 2007	492,923,401	31,250,000	1,305,799

Common Stock

As of December 31, 2007, the Company's authorized common stock consisted of 900 million shares of Class A Common Stock and 200 million shares of Class B common stock, par value $0.01 per share (''Class B Common Stock'' an

In completing the $110 Million Rights Offering in March 2006, Revlon, Inc. issued an additional 39,285,714 shares of its Class A Common Stock, including 15,885,662 shares subscribed for by public shareholders (other than MacAndr

In completing the $100 Million Rights Offering in January 2007, Revlon, Inc. issued an additional 95,238,095 shares of its Class A Common Stock, including 37,847,472 shares subscribed for by public shareholders (other than MacAnd

As of December 31, 2007, MacAndrews & Forbes beneficially owned approximately 58% of Revlon, Inc.'s Class A Common Stock, 100% of Revlon, Inc.'s Class B Common Stock, together representing approximately 60% of Revlon,

Treasury stock

Pursuant to the share withholding provisions of the Stock Plan, during the second, third and fourth fiscal quarters of 2007, certain employees and executives, in lieu of paying withholding taxes on the vesting of certain restricted stock, a

Pursuant to the share withholding provisions of the Stock Plan, during the first, second, and third quarters of 2006, certain executives, in lieu of paying withholding taxes on the vesting of certain restricted stock, authorized the withholdi

Pursuant to the share withholding provisions of the Stock Plan, during the second and third quarters of 2005, certain executives, in lieu of paying withholding taxes on vesting of certain restricted stock, authorized the withholding of an a

13. STOCK COMPENSATION PLAN

Revlon, Inc. maintains the Third Amended and Restated Revlon, Inc. Stock Plan (the ''Stock Plan''), which provides for awards of stock options, stock appreciation rights, restricted or unrestricted stock and restricted stock units to eligi

Effective in December 2007, the Stock Plan was amended and restated to:

(1) rename the Stock Plan as the ''Third Amended and Restated Revlon, Inc. Stock Plan'';

(2) increase the aggregate number of shares of the Company's Class A Common Stock with respect to which awards may be granted under the Stock Plan from 40,650,000 shares to 65,650,000 shares;

(3) remove the provision of the Stock Plan restricting to 15,000,000 the number of shares of the Company's Class A Common Stock with respect to which awards of restricted and unrestricted stock and restricted stock units may be granted under the Stock Plan and to make certain conforming changes to reflect this change;

(4) increase from 4,065,000 to 6,565,000 (subject to the adjustment provisions contained in the Stock Plan), the number of awards that may be granted under the Stock Plan as restricted and unrestricted stock and restricted stock units without the minimum vesting requirements applicable to such awards under the Stock Plan; and

(5) provide that shares withheld by the Company for the payment of taxes upon vesting of awards will become available for subsequent grants of awards (including restricted stock) under the Stock Plan.

The primary purpose of the amendments was to afford the Company greater flexibility in the administration of the Stock Plan in furtherance of its efforts to provide meaningful equity-based compensation and retention incentives for key

In November 2006, the Stock Plan was amended and restated to, among other things, provide that in connection with any future merger, consolidation, sale of all or substantially all of the Company's assets or other similar transactions, t

Stock options:

Non-qualified stock options granted under the Stock Plan are granted at prices that equal or exceed the fair market value of Class A Common Stock on the grant date and have a term of 7 years (option grants under the Stock Plan prior to

Total net stock option compensation expense includes amounts attributable to the granting of, and the remaining requisite service period of, stock options issued under the Stock Plan, which awards were unvested at January 1, 2006 or gr

At December 31, 2007, 2006 and 2005 there were 20,126,456; 17,990,458; and 15,972,389 stock options exercisable under the Stock Plan, respectively.

A summary of the status of stock option grants under the Stock Plan as of December 31, 2007, 2006 and 2005 and changes during the years then ended is presented below:

	Shares (000's)	Weighted Average Exercise Price
Outstanding at January 1, 2005	30,781.7	$ 4.66
Granted	5,200.4	2.56
Exercised	(18.1)	3.03
Forfeited and expired	(2,930.9)	5.59
Outstanding at December 31, 2005	33,033.1	4.25
Granted	47.5	1.95
Exercised	(60.4)	2.90
Forfeited and expired	(8,027.2)	3.34
Outstanding at December 31, 2006	24,993.0	4.54
Granted	—	—
Exercised	—	—
Forfeited and expired	(3,312.0)	6.90
Outstanding at December 31, 2007	21,681.0	4.19

There were no options granted during 2007. The weighted average grant date fair value of options granted during 2006, and 2005 approximated $1.11 and $1.38, respectively, and were estimated using the Black-Scholes option valuation

	Year Ended December 31,		
	2007	2006	2005
Expected life of option(a)	N/A	4.75 years	4.75 years
Risk-free interest rate(b)	N/A%	4.76%	3.95%
Expected volatility(c)	N/A%	65%	61%
Expected dividend yield(d)	N/A	N/A	N/A

(a) The expected life of an option is calculated using a formula based on the vesting term and contractual life of the option.

(b) The risk-free interest rate is based upon the rate in effect at the time of the option grant on a zero coupon U.S. Treasury bill for periods approximating the expected life of the option.

(c) Expected volatility is based on the daily historical volatility of the closing price of Revlon, Inc.'s Class A Common Stock as reported on the NYSE consolidated tape over the expected life of the option.

(d) Assumes no dividends on Revlon, Inc.'s Class A Common Stock for options granted during the years ended December 31, 2007, 2006 and 2005, respectively.

The following table summarizes information about the Stock Plan's options outstanding at December 31, 2007:

	Outstanding				Exerciseable		
Range of Exercise Prices	Number of Options (000's)	Weighted Average Years Remaining	Weighted Average Exercise Price	Aggregate Intrinsic Value	Number of Options (000's)	Weighted Average Years Remaining	Weighted Average Exercise Price
$1.46 to $2.55	3,036.8	4.51	$ 2.52	—	1,532.1	4.48	$ 2.52
2.56 to 3.47	15,151.2	3.38	3.03	—	15,101.3	3.37	3.04
3.48 to 5.64	1,671.5	4.55	3.91	—	1,671.5	4.55	3.91
5.65 to 10.00	1,057.1	2.84	6.94	—	1,057.1	2.84	6.94
10.01 to 50.00	764.4	0.77	30.68	—	764.4	0.77	30.68
1.46 to 50.00	21,681.0	3.51	4.19	—	20,126.4	3.43	4.32

Restricted stock awards and restricted stock units:

The Stock Plan and the Supplemental Stock Plan (as hereinafter defined) also allow for awards of restricted stock and restricted stock units to employees and directors of Revlon, Inc. and its affiliates, including Products Corporation. Th

A summary of the status of grants of restricted stock and restricted stock units under the Stock Plan and Supplemental Stock Plan as of December 31, 2007, 2006 and 2005 and changes during the years then ended is presented below:

	Shares (000's)	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2005	5,725.0	$ 3.18
Granted	50.0	3.13
Vested(a)	(1,776.7)	3.17
Forfeited	(188.3)	3.17
Outstanding at December 31, 2005	3,810.0	3.19
Granted	6,511.7	1.59
Vested(a)	(1,871.7)	3.13
Forfeited	(329.4)	3.01
Outstanding at December 31, 2006	8,120.6	1.92
Granted	8,313.5	1.25
Vested(a)	(4,154.0)	2.25
Forfeited	(632.0)	1.57
Outstanding at December 31, 2007	11,648.1	1.35

(a) Of the amounts vested during 2005, 2006 and 2007, 236,315 shares; 193,351 shares; and 876,133 shares, respectively, were withheld by the Company to satisfy certain grantees' minimum withholding tax requirements, which withheld shares became Revlon, Inc. treasury stock and are not sold on the open market. (See discussion under ''Treasury Stock'' in Note 12, ''Stockholders' Equity'').

In 2002, Revlon, Inc. adopted the Revlon, Inc. 2002 Supplemental Stock Plan (the ''Supplemental Stock Plan''), the purpose of which was to provide Mr. Jack Stahl, the Company's former President and Chief Executive Officer, the sole

The Company recognizes non-cash compensation expense related to restricted stock awards and restricted stock units under the Stock Plan and Supplemental Stock Plan using the straight-line method over the remaining service period. T

Pro forma net loss:

Prior to the Company's adoption of SFAS No. 123(R), effective as of January 1, 2006 SFAS No. 123 required that the Company provide pro forma information regarding net loss and net loss per common share as if compensation expens

The following table illustrates the effect on net loss and net loss per basic and diluted common share as if the Company had applied the fair value method to its stock-based compensation under the disclosure provisions of SFAS No. 123

	Year Ended December 31, 2005
Net loss as reported	$ (83.7)
Add-back: Stock-based employee compensation expense included in reported net loss	5.8
Deduct: Stock-based employee compensation expense determined under fair value based method for all awards	(22.1)
Pro forma net loss	$ (100.0)
Basic and diluted loss per common share:	
As reported	$ (0.22)
Pro forma	$ (0.26)

Table of Contents

14. ACCUMULATED OTHER COMPREHENSIVE LOSS

The components of accumulated other comprehensive loss during 2007, 2006 and 2005, respectively, are as follows:

	Foreign Currency Translation	Minimum Pension Liability	Actuarial Gain/(Loss) on Post-retirement Benefits	Prior Service Cost on Post-retirement Benefits	Deferred Loss-Hedging	Accumulated Other Comprehensive Loss
Balance January 1, 2005	$ (7.9)	$ (113.7)	$ —	$ —	$ (2.7)	$ (124.3)
Unrealized gains (losses)	(6.9)	6.7	—	—	0.2	—
Reclassifications into net loss	0.4	—	—	—	2.2	2.6
Balance December 31, 2005	(14.4)	(107.0)	—	—	(0.3)	(121.7)
Unrealized gains (losses)	3.2	19.0	—	—	(0.4)	21.8
Reclassifications under SFAS No. 158(a)	—	88.0	(115.8)	2.7	—	(25.1)
Portion of SFAS No. 158 reclassification allocated to Revlon Holdings(a)	—	—	0.5	—	—	0.5
Reclassifications into net loss	—	—	—	—	0.3	0.3
Balance December 31, 2006	(11.2)	—	(115.3)	2.7	(0.4)	(124.2)
SFAS No. 158 adjustment(b)			10.3			10.3
Adjusted balance January 1, 2007	(11.2)	—	(105.0)	2.7	(0.4)	(113.9)
Unrealized gains (losses)	(2.0)				(1.7)	(3.7)
Reclassifications into net loss(c)					—	—
Amortization under SFAS No. 158(d)			27.4	1.5		28.9
Balance December 31, 2007	$ (13.2)	$ —	$ (77.6)	$ 4.2	$ (2.1)	$ (88.7)

(a) Due to the adoption of SFAS No. 158 in December 2006, the minimum pension liability, as set forth in the table above, is no longer recognized as a component of comprehensive loss. The $24.6 million net adjustment represents the difference between (1) $115.8 million of actuarial gains and $2.7 million of prior service costs calculated under SFAS No. 158, both of which have not yet been recognized as a component of net periodic pension cost, (2) the net $0.5 million reclassification of actuarial gains and prior service costs calculated under SFAS No. 158, which are attributable to Revlon Holdings under the 1992 transfer agreements referred to in Note 16, ''Related Party Transactions'', and (3) the $88.0 reversal of the minimum pension liability, which under SFAS No. 158 is no longer required as a component of comprehensive loss to be recognized during 2006 as a component of comprehensive loss. (See Note 11 ''Savings Plan, Pension and Other Post-retirement Benefits'').

(b) Due to the Company's early adoption of the provisions under SFAS No. 158, effective as of January 1, 2007 requiring a measurement date for determining defined benefit plan assets and obligations using the Company's fiscal year end of December 31st, rather than using a September 30th measurement date, the Company recognized a net reduction to the beginning balance of Accumulated Other Comprehensive Loss of $10.3 million, as set forth in the table above, which is comprised of (1) a $9.4 million re duction to Accumulated Other Comprehensive Loss due to the revaluation of the pension liability as a result of the change in the measurement date and (2) a $0.9 million reduction to Accumulated Other Comprehensive Loss of amortization of prior service costs, actuarial gains/losses and return on assets over the period from October 1, 2006 to December 31, 2006. In addition, the Company recognized a $2.9 million increase to the beginning balance of Accumulated Deficit, as set forth in the table above, which represents the total net periodic benefit costs incurred from October 1, 2006 to December 31, 2006. (See Note 11, ''Savings Plan, Pension, and Post-retirement Benefits'').

(c) Due to the Company's use of derivative financial instruments, the net amount of hedge accounting derivative losses recognized by the Company, as set forth in the table above, pertains to (1) the reversal of $0.4 million of net losses accumulated in Accumulated Other Comprehensive Loss at January 1, 2007 upon the Company's election during the fiscal quarter ended March 31, 2007 to discontinue the application of hedge accounting under SFAS No. 133, ''Accounting for Derivative Instruments and Hedging Activities'' for certain derivative financial instruments, as the Company no longer designates its foreign currency forward exchange contracts as hedging instruments and (2) the reversal of a $0.4 gain pertaining a net receipt settlement in December 2007 under the te rms of Products Corporation's floating-to-fixed interest rate swap transaction, executed in September 2007, with a notional amount of $150 million relating to indebtedness under Products Corporation's 2006 Term Loan Facility. The Company has designated the floating-to-fixed interest rate swap as a hedging instrument and accordingly applies hedge accounting under SFAS No.133. (See Note 9, ''Financial Instruments'' to the Consolidated Financial Statements and the discussion of Critical Accounting Policies in this Form 10-K).

(d) Amount represents a reduction in Accumulated Other Comprehensive Loss as a result of the amortization of unrecognized prior service costs and actuarial gains/losses arising during 2007 related to the Company's pension and other post-retirement plans.

15. RELATED PARTY TRANSACTIONS

As of December 31, 2007, MacAndrews & Forbes beneficially owned shares of Revlon, Inc.'s Common Stock having approximately 74% of the combined voting power of such outstanding shares. As a result, MacAndrews & Forbes is

Transfer Agreements

In June 1992, Revlon, Inc. and Products Corporation entered into an asset transfer agreement with Revlon Holdings LLC, a Delaware limited liability company and formerly a Delaware corporation known as Revlon Holdings Inc. (''Re

Reimbursement Agreements

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

Products Corporation reimburses MacAndrews & Forbes for the allocable costs of the services purchased for or provided to Products Corporation and its subsidiaries and for the reasonable out-of-pocket expenses incurred in connection

The Reimbursement Agreements may be terminated by either party on 90 days' notice. Products Corporation does not intend to request services under the Reimbursement Agreements unless their costs would be at least as favorable to F

MacAndrews & Forbes. The limits of coverage are available on an aggregate basis for losses to any or all of the participating companies and their respective directors and officers.

Revlon, Inc. and Products Corporation reimburse MacAndrews & Forbes from time to time for their allocable portion of the premiums for such coverage or they pay the insurers directly, which premiums the Company believes are more

Tax Sharing Agreements

As a result of the closing of the Revlon Exchange Transactions, as of March 25, 2004, Revlon, Inc., Products Corporation and their U.S. subsidiaries were no longer included in the MacAndrews & Forbes Group for federal income tax p

Registration Rights Agreement

Prior to the consummation of Revlon, Inc.'s initial public equity offering in February 1996, Revlon, Inc. and Revlon Worldwide Corporation (which subsequently merged into REV Holdings), the then direct parent of Revlon, Inc., entere

Revlon, Inc. may postpone giving effect to a Demand Registration for a period of up to 30 days if Revlon, Inc. believes such registration might have a material adverse effect on any plan or proposal by Revlon, Inc. with respect to any fi

2004 Consolidated MacAndrews & Forbes Line of Credit

For a description of transactions with MacAndrews & Forbes in 2007, 2006 and 2005 in connection with the 2004 Consolidated MacAndrews & Forbes Line of Credit with MacAndrews & Forbes, see Note 8, ''Long-Term Debt''.

Refinancing Transactions and Rights Offerings

For a description of transactions with MacAndrews & Forbes in 2007, 2006 and 2005 in connection with the Debt Reduction Transactions, the Revlon Exchange Transactions and the 2004 Investment Agreement, including in connectior

Other

Pursuant to a lease dated April 2, 1993 (the ''Edison Lease''), Revlon Holdings leased to Products Corporation the Edison, N.J. research and development facility for a term of up to 10 years with an annual rent of $1.4 million and certai

During 2005, Products Corporation leased to MacAndrews & Forbes a small amount of space at certain facilities pursuant to occupancy agreements and leases, including space at Products Corporation's New York headquarters. The rent

Certain of Products Corporation's debt obligations have been, and may in the future be, supported by, among other things, guaranties from Revlon, Inc. and, subject to certain limited exceptions, all of the domestic subsidiaries of Produc

Pursuant to his employment agreement, Mr. Jack Stahl, the Company's former President and Chief Executive Officer, received two loans (prior to the passage of the Sarbanes-Oxley Act of 2002) from Products Corporation, one, in Marc

During 2000, prior to the passage of the Sarbanes-Oxley Act of 2002, Products Corporation made an advance of $0.8 million to Mr. Douglas Greeff, the Company's former Executive Vice President, Strategic Finance, pursuant to his em entitled to receive bonuses from Products Corporation equal to the sum of the principal and interest on the annual advance repaid by Mr. Greeff. Pursuant to the terms of Mr. Greeff's separation agreement, as a result of the fact that Mr. Greef

During 2007, 2006 and 2005, Products Corporation paid $0.7 million, $0.9 million and $1.0 million, respectively, to a nationally-recognized security services company, in which MacAndrews & Forbes has a controlling interest, for secu

16. COMMITMENTS AND CONTINGENCIES

Products Corporation currently leases manufacturing, executive, including research and development, and sales facilities and various types of equipment under operating and capital lease agreements. Rental expense was $18.2 million, $

As part of the September 2006 organizational streamlining, the Company canceled its lease and modified its sublease of its New York City headquarters space, including vacating 23,000 square feet in December 2006 and approximately

The Company and its subsidiaries are defendants in litigation and proceedings involving various matters. In the opinion of the Company's management, based upon advice of its counsel handling such litigation and proceedings, adverse

17. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following is a summary of the unaudited quarterly results of operations:

	Year Ended December 31, 2007			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Net sales	$ 328.6	$ 349.2	$ 339.7	$ 382.6
Gross profit	202.4	221.4	215.4	238.0
Net (loss) income(a)	(35.2)	(11.3)	(10.4)	40.8
Basic (loss) income per common share:				
Net (loss) income per common share	$ (0.07)	$ (0.02)	$ (0.02)	$ 0.08
Diluted (loss) income per common share:				
Net (loss) income per common share	$ (0.07)	$ (0.02)	$ (0.02)	$ 0.08

Table of Contents

	Year Ended December 31, 2006			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Net sales	$ 325.5	$ 321.1	$ 305.9	$ 378.9
Gross profit	208.2	183.1	157.0	237.6
Net loss(b)	(58.2)	(87.1)	(100.5)	(5.5)
Basic loss per common share:				
Net loss per common share	$ (0.15)	$ (0.20)	$ (0.24)	$ (0.01)
Diluted loss per common share:				
Net loss per common share	$ (0.15)	$ (0.20)	$ (0.24)	$ (0.01)

(a) During 2007, the Company incurred restructuring charges of approximately $4.4 million in connection with the 2006 Programs and $2.9 in connection with the 2007 Programs.

(b) During 2006, primarily in the third and fourth quarters, the Company incurred charges of (1) $9.4 million in connection with the departure of Mr. Jack Stahl, the Company's former President and Chief Executive Officer, in September 2006 (including $6.2 million for severance and related costs and $3.2 million for the accelerated amortization of Mr. Stahl's unvested options and unvested restricted stock), (2) $60.4 million in connection with the September 2006 discontinuance of the **Vital Radiance** brand and (3) restructuring charges of approximately $17.5 million in connection with the September 2006 organizational stream lining. In addition, primarily during the first and second quarters of 2006, the Company recorded charges for brand support and display amortization of approximately $57 million, including higher advertising and consumer promotional spending, primarily to support the launch of certain brand initiatives. In addition, the Company incurred restructuring charges of approximately $10.1 million, most of which were incurred in the first quarter of 2006, in connection with the February 2006 organizational realignment.

18. GEOGRAPHIC, FINANCIAL AND OTHER INFORMATION

The Company manages its business on the basis of one reportable operating segment. See Note 1, ''Summary of Significant Accounting Policies'', for a brief description of the Company's business. As of December 31, 2007, the Compa

In the tables below, certain prior year amounts have been reclassified to conform to the current period's presentation.

	Year Ended December 31,					
	2007		2006		2005	
Geographic area:						
Net sales:						
United States	$ 804.2	*57%*	$ 764.9	*57%*	$ 788.3	*59%*
International	595.9	*43%*	566.5	*43%*	544.0	*41%*
	$ 1,400.1		$ 1,331.4		$ 1,332.3	

	December 31,					
	2007		2006		2005	
Long-lived assets — net:						
United States	$ 332.3	*79%*	$ 362.1	*82%*	$ 366.9	*81%*
International	85.8	*21%*	81.8	*18%*	84.8	*19%*
	$ 418.1		$ 443.9		$ 451.7	

	Year Ended December 31,					
	2007		2006		2005	
Classes of similar products:						
Net sales:						
Cosmetics, skincare and fragrances	$ 946.5	*68%*	$ 898.3	*67%*	$ 937.8	*70%*
Personal care	453.6	*32%*	433.1	*33%*	394.5	*30%*
	$ 1,400.1		$ 1,331.4		$ 1,332.3	

19. SUBSEQUENT EVENTS

On January 30, 2008, Products Corporation entered into its previously-announced $170 million Senior Subordinated Term Loan Agreement with MacAndrews & Forbes (the ''MacAndrews & Forbes Senior Subordinated Term Loan'' a

The MacAndrews & Forbes Senior Subordinated Term Loan bears interest at an annual rate of 11%, which is payable in arrears in cash on March 31, June 30, September 30 and December 31 of each year, commencing on March 31, 20

The MacAndrews & Forbes Senior Subordinated Term Loan is an unsecured obligation of Products Corporation and, pursuant to subordination provisions that are generally incorporated from the indenture which governed the $8\frac{5}{8}$ Senio

Notes. The MacAndrews & Forbes Senior Subordinated Term Loan has the right to payment equal in right of payment with any present and future senior subordinated indebtedness of Products Corporation.

The MacAndrews & Forbes Senior Subordinated Term Loan Agreement contains covenants (other than the subordination provisions discussed above) that are generally incorporated from the indenture governing Products Corporation's

The MacAndrews & Forbes Senior Subordinated Term Loan Agreement includes a cross acceleration provision which is substantially the same as that in Products Corporation's 9½% Senior Notes that provides that it shall be an event o

The MacAndrews & Forbes Senior Subordinated Term Loan Agreement also contains other customary events of default for loan agreements of such type, including, subject to applicable grace periods, nonpayment of any principal or in

Upon any change of control (as defined in the MacAndrews & Forbes Senior Subordinated Term Loan Agreement), Products Corporation is required to repay the MacAndrews & Forbes Senior Subordinated Term Loan in full, after fulfi

In connection with the closing of the MacAndrews & Forbes Senior Subordinated Term Loan, Revlon, Inc. and MacAndrews & Forbes entered into a letter agreement in January 2008 pursuant to which Revlon, Inc. agreed that if Revlon

Schedule II

REVLON, INC. AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 31, 2007, 2006 and 2005
(dollars in millions)

	Balance at Beginning Year	Charged to Cost and Expenses	Other Deductions	Balance at End of Year
Year ended December 31, 2007:				
Applied against asset accounts:				
Allowance for doubtful accounts	$ 4.0	$ (0.2)	$ 0.5 (1)	$ 4.3
Allowance for volume and early payment discounts	13.7	$ 52.1	$ (50.6)(2)	$ 15.2
Year ended December 31, 2006:				
Applied against asset accounts:				
Allowance for doubtful accounts	$ 5.1	$ (1.7)	$ 0.6 (1)	$ 4.0
Allowance for volume and early payment discounts	$ 13.8	$ 52.1	$ (52.2)(2)	$ 13.7
Year ended December 31, 2005:				
Applied against asset accounts:				
Allowance for doubtful accounts	$ 5.6	$ 0.6	$ (1.1)(1)	$ 5.1
Allowance for volume and early payment discounts	$ 13.4	$ 49.6	$ (49.2)(2)	$ 13.8

(1) Doubtful accounts written off, less recoveries, reclassifications and foreign currency translation adjustments.

(2) Discounts taken, reclassifications and foreign currency translation adjustments.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Revlon, Inc.
(Registrant)

By: /s/ David L. Kennedy	By: /s/ Alan T. Ennis	By: /s/ Edward A. Mammone
David L. Kennedy President, Chief Executive Officer and Director	Alan T. Ennis Executive Vice President and Chief Financial Officer	Edward A. Mammone Senior Vice President, Corporate Controller and Chief Accounting Officer

Dated: March 5, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant on March 5, 2008 and in the capacities indicated.

Signature	Title
* (Ronald O. Perelman)	Chairman of the Board and Director
* (Barry F. Schwartz)	Director
/s/ David L. Kennedy (David L. Kennedy)	President, Chief Executive Officer and Director
* (Alan S. Bernikow)	Director
* (Paul J. Bohan)	Director
* (Meyer Feldberg)	Director
* (Edward J. Landau)	Director
* (Debra L. Lee)	Director
* (Linda Gosden Robinson)	Director
* (Kathi P. Seifert)	Director
* (Kenneth L. Wolfe)	Director

* Robert K. Kretzman, by signing his name hereto, does hereby sign this report on behalf of the directors of the registrant above whose typed names asterisks appear, pursuant to powers of attorney duly executed by such directors and filed with the Securities and Exchange Commission.

By: /s/ Robert K. Kretzman
Robert K. Kretzman
Attorney-in-fact

<u>Nonqualified Stock Option Agreement</u>

THIRD AMENDED AND RESTATED REVLON, INC. STOCK PLAN

STOCK OPTION AGREEMENT, dated as of __________ (the "Agreement"), between Revlon, Inc., a Delaware corporation, or its Affiliate executing this Agreement ("Revlon" and, together with its Affiliates, the "Company"),

Revlon's Compensation and Stock Plan Committee (the "Committee") has determined that the objectives of the Third Amended and Restated Revlon, Inc. Stock Plan (the "Plan") will be furthered by granting to the Optionee an o

In consideration of the foregoing and of the mutual undertakings set forth in this Agreement, the Company and the Optionee agree as follows:

<u>SECTION 1</u>. <u>Grant of Option</u>. Subject to Section 11 of this Agreement, the Company hereby grants to the Optionee a "nonqualified" stock option to purchase the number of shares of Common Stock (as defined in the Plan) set fo

<u>SECTION 2</u>. <u>Exercisability</u>.

(a) For so long as the option shall not be cancelled or otherwise remains exercisable pursuant to the terms of the Plan and this Agreement, the option shall be exercisable as set forth on <u>Schedule 1</u> hereto and in accordance with thi

<u>SECTION 3</u>. <u>Method of Option Exercise; Involuntary Option Cash-Out; Replacement Option</u>.

(a) The option or any part thereof may be exercised only by giving to the Company and to Smith Barney Stock Plan Services, a division of Citigroup Global Markets Inc. ("SSB") in its capacity as external Plan administrator, or s

(b) The Optionee shall have no right to receive shares of Common Stock with respect to an option exercise prior to the option exercise date. For purposes of this Agreement, unless the Committee otherwise determines, the option

Plan administrator as the Company may designate from time to time, if any; and (ii) the date payment with respect to such option exercise is received.

(c) At any time prior to the issuance of shares of Common Stock with respect to the option exercise, the Committee, in its sole discretion, shall have the right, by written notice to the Optionee, to cancel such option or any part the

SECTION 4. Termination of Employment.

(a) Except to the extent otherwise provided in accordance with this Section 4, the portions of this option that are exercisable as of the date of the Optionee's termination of employment with the Company and its affiliates may con

(b) If the Optionee resigns employment otherwise than for "good reason," "cause" or any like term as defined under any employment agreement between the Company and the Optionee (which terms specify the Optionee's right t

(c) If the Optionee voluntarily retires with Company consent or the Optionee's employment is terminated due to permanent disability (in each case as determined by the Committee), the portions of this option that are exercisable a

(d) If the Optionee's employment terminates by reason of death, or if the Optionee's employment terminates under circumstances providing for continued exercisability under subsection (a) or (c) and the Optionee dies within the whose death occurs during the period of continued exercisability provided in subsection (a) or (c), and such unexercisable portions shall be canceled either on the date of such death as respects an Optionee whose employment or services term

(e) Nothing in the Plan or this Agreement shall confer upon the Optionee or any other person the right to continue in the employment of the Company or any of its Affiliates or affect any right which the Company or any of its Aff

(f) If the Optionee ceases employment with the Company and accepts employment with a competitor in violation of the Company's Employee Agreement as to Confidentiality and Non-Competition, as in effect from time to time,

SECTION 5. Withholding Tax Requirements. Whenever under the Plan, or this Agreement, shares of Common Stock are to be delivered upon the exercise of an option, the Committee may determine that, as a condition of deliver

SECTION 6. Plan Provisions to Prevail. This Agreement shall be subject to all of the terms and provisions of the Plan, which are incorporated herein and made a part hereof, including, without limitation, the provisions of Section

SECTION 7. Optionee’s Acknowledgment. By entering into this Agreement, the Optionee agrees and acknowledges that (a) he or she has received, read and understood a copy of the Plan, including Section 3.8(c) of the Plan (ger

SECTION 8. Nontransferability. No right granted to the Optionee under the Plan or this Agreement shall be assignable or transferable by the Optionee (voluntarily or by operation of law), other than by will or by the laws of desc

SECTION 9. No Rights as a Stockholder. No Optionee or other person exercising an option shall have any of the rights of a stockholder of the Company with respect to shares subject to an option until the issuance of a stock certi

SECTION 10. Legend on Certificates. The certificates representing the shares issued by exercise of the option may be stamped or otherwise imprinted with a legend in such form as the Company may require with respect to any a

SECTION 11. Conditions.

(a) Notwithstanding anything contained in this Agreement to the contrary, the grant of the option pursuant to Section 1 hereof is conditioned upon and subject to the Optionee's execution and delivery to the Company of an execut

(b) By entering into this Agreement and as a condition for receiving the grant of the option pursuant to Section 1 hereof, the Optionee agrees to fully comply in all respects with the terms of the Company's Employee Agreement a

SECTION 12. Notices. Any notice to be given to the Company hereunder shall be in writing and shall be addressed to the Treasurer of Revlon, with a copy to the Company's Chief Legal Officer, each at 237 Park Avenue, New Yo

SECTION 13. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and the successors and assigns of the Company and, to the extent set forth in Section 3.3 of the Plan and S

SECTION 14. Governing Law. This Agreement shall be governed by the laws of the State of New York applicable to agreements made and to be performed entirely within such state.

SECTION 15. Modifications to Agreement; Waivers. This Agreement may not be altered, modified, changed or discharged, except by a writing signed by or on behalf of both the Company and the Optionee. The failure of the Co

SECTION 16. Other Company Actions. Nothing contained in this Agreement shall be construed to prevent the Company from taking any action which is deemed by it to be appropriate or in its best interest, whether or not such ac

SECTION 17. Committee Authority. The Committee shall have full authority to interpret, construe and administer the terms of this Agreement in its sole discretion. The determination of the

Committee as to any such matter of interpretation, construction or administration shall be final, binding and conclusive on all parties.

SECTION 18. No Violation of Securities Laws; Securities Trading Policy.

(a) The Company shall not be obligated to make any payment or permit any sale of stock subject to an option hereunder if such payment, in the opinion of counsel for the Company, would violate any applicable securities laws. Tl

(b) It is understood and agreed that under the Company's Confidentiality of Information and Securities Trading Policy, as is in effect from time to time (the "Trading Policy"), employees and Directors of the Company, including g

SECTION 19. Severability. Notwithstanding any other provision of this Agreement, if any provision of this Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any person, suc

SECTION 20. Headings. The headings of sections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of this Agreement.

SECTION 21. Fractional Shares. No fractional shares of Common Stock shall be issued or delivered pursuant to this Agreement, and the Committee in its sole discretion shall determine whether cash, other securities, or other pro

SECTION 22. Entire Agreement. This Agreement and the Plan contains the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersedes all prior communications, re

SECTION 23. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original but all of which together shall represent one and the same agreement.

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

REVLON, INC.

By: ____________________
Name:
Title:

____
(Signature of Optionee)

____
(Printed Name)

____
(Address)

Notice of Grant of Stock Options

Revlon, Inc.
ID: 13-3662955
237 Park Avenue
New York, NY 10017

Employee name:

ID:

You have been granted options to buy shares of Revlon, Inc. Class A Common Stock as follows:

Non-Qualified Stock Option Value Creation Grant No.
Number of Value Creation Stock Options Granted

Non-Qualified Stock Option Grant No.
Number of Stock Options Granted

Date of Grant
Option Price per Share
Total Number of Stock Options Granted
Total Price of Shares Granted

The vesting schedule of this option grant is as follows:

Vesting Date	**% Vesting**
_______________	25%
_______________	25%
_______________	25%
_______________	25%

On each vesting date, the exact number of option shares vesting shall be subject to rounding to the nearest whole share, as determined by the Company.

These options are granted under and governed by the terms and conditions of the Third Amended and Restated Revlon, Inc. Stock Plan and the Nonqualified Stock Option Agreement of which this notice forms a part.

It is understood and agreed that under the Company's Confidentiality of Information and Securities Trading Policy, as is in effect from time to time (the "Trading Policy"), employees and Directors of the Company, including grantees of optio

The expiration date of this option grant is ___________.

*** SCHEDULE 1 TO NON-QUALIFIED STOCK OPTION AGREEMENT ***

For Revlon, Inc.	Date
Optionee	Date

SCHEDULE 2 TO NON-QUALIFIED STOCK OPTION AGREEMENT

Change of Control

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 d

(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 Di

(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 o

(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 Obli

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 commo

“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 e

“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 therefor.

“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 in

“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

“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 i

“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.

Restricted Stock Agreement

THIRD AMENDED AND RESTATED REVLON, INC. STOCK PLAN

RESTRICTED STOCK AGREEMENT dated as of ______________, between REVLON, INC., a Delaware corporation (“Revlon” and, together with Revlon’s affiliates, the “Company”), and _________________ (the “Grantee’

Revlon’s Compensation and Stock Plan Committee (the “Committee”) has determined that the objectives of the Third Amended and Restated Revlon, Inc. Stock Plan (the “Plan”) will be furthered by granting to the Grantee share

In consideration of the foregoing and of the mutual undertakings set forth in this Restricted Stock Agreement (the “Agreement”), the Company and the Grantee agree as follows:

SECTION 1. Number of Shares. Subject to Section 10 of this Agreement, the Company hereby grants to the Grantee the number of shares of Restricted Stock set forth on Schedule 1 hereto. The Grantee shall not be required to m

SECTION 2. Restrictions.

(a) Lapse of Restrictions. For so long as the Restricted Stock Award shall not be cancelled pursuant to the terms of the Plan or this Agreement, the restrictions relating to the Restricted Stock Award which is the subject of this Agr

(b) Transfer Agent Action Upon Lapse of Restrictions. Upon the grant of the Restricted Stock, the Company shall promptly instruct its transfer agent to record the Restricted Stock as the property of the Grantee, subject to restricti

SECTION 3. Voting; Dividends. Prior to the date that restrictions lapse pursuant to Section 2 of this Agreement, the Grantee shall have no right to vote and no right to receive dividends or other distributions with respect to the Re

SECTION 4. Taxes. As a condition to the recording of the shares as outstanding, with no restrictions, the Grantee shall pay to the Company promptly upon request, and in any event at the time the

Grantee recognizes taxable income in respect of the shares of Restricted Stock (which would include the date that restrictions lapse pursuant to Section 2 hereof), an amount equal to the taxes the Company determines it is required to withhol

SECTION 5. Termination of Employment.

(a) Effective as of the date of the Grantee's termination of employment with the Company for any reason, all Restricted Stock which is unvested or as to which all restrictions have not lapsed as provided in Section 2 of this Agreer

(b) Nothing in the Plan or this Agreement shall confer upon the Grantee or any other person the right to continue in the employment of the Company or affect any right which the Company may have to terminate the employment

(c) If the Grantee ceases employment with the Company and accepts employment with a competitor in violation of the Company's Employee Agreement as to Confidentiality and Non-Competition, as in effect from time to time, c

SECTION 6. Plan Provisions to Prevail. This Agreement shall be subject to all of the terms and provisions of the Plan, as may be amended from time to time, which are incorporated hereby and made a part hereof, including, with

SECTION 7. Grantee’s Acknowledgment. By entering into this Agreement, the Grantee agrees and acknowledges that (a) he has received, read and understood a copy of the Plan, including Section 3.8(c) of the Plan (generally rel

Agreement. The Grantee is relying solely on such advisors and not on any statements or representations of the Company or any of its agents with respect to all matters of this Agreement.

SECTION 8. Nontransferability. No shares of Restricted Stock granted to the Grantee under this Agreement shall be assignable or transferable by the Grantee (voluntarily or by operation of law), other than by will or by the laws

SECTION 9. Legend on Certificates. The Grantee agrees that any certificate issued for shares of Restricted Stock prior to the lapse of any outstanding restrictions relating thereto shall be inscribed with the following legend:

This certificate and the shares of stock represented hereby are subject to the terms and conditions, including forfeiture provisions and restrictions against transfer (the "Restrictions"), contained in the Third Amende

SECTION 10. Conditions.

(a) Notwithstanding anything contained in this Agreement to the contrary the grant of the award pursuant to Section 1 hereof is conditioned upon and subject to the Grantee's execution and delivery to the Company of an executed

(b) By entering into this Agreement and as a condition for receiving the grant of the award pursuant to Section 1 hereof, the Grantee agrees to fully comply in all respects with the terms of the Company's Employee Agreement as

SECTION 11. Notices. Any notice to be given to the Company hereunder shall be in writing and shall be addressed to the Treasurer of Revlon, with a copy to the Company's Chief Legal Officer, each at 237 Park Avenue, New Yo

SECTION 12. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and the successors and assigns of the Company and, to the extent set forth in Section 3.3 of the Plan and

SECTION 13. Governing Law. This Agreement shall be governed by the laws of the State of New York applicable to agreements made and to be performed entirely within such state.

SECTION 14. Modifications to Agreement; Waivers. This Agreement may not be altered, modified, changed or discharged, except by a writing signed by or on behalf of both Revlon and the Grantee. The failure of the Company

SECTION 15. Other Company Actions. Nothing contained in this Agreement shall be construed to prevent the Company from taking any action which is deemed by it to be appropriate or in its best interest, whether or not such a

SECTION 16. Committee Authority. The Committee shall have full authority to interpret, construe and administer the terms of this Agreement in its sole discretion. The determination of the Committee as to any such matter of in

SECTION 17. No Violation of Securities Laws; Securities Trading Policy.

(a) The Company shall not be obligated to make any payment hereunder if such payment, in the opinion of counsel for the Company, would violate any applicable securities laws. The Company shall be under no obligation to reg

(b) It is understood and agreed that under the Company's Confidentiality of Information and Securities Trading Policy, as is in effect from time to time (the "Trading Policy"), employees and Directors of the Company, including C

SECTION 18. Severability. Notwithstanding any other provision of this Agreement, if any provision of this Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any person, suc

SECTION 19. Headings. The headings of sections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of this Agreement.

SECTION 20. Fractional Shares. No fractional shares of Common Stock shall be issued or delivered pursuant to this Agreement, and the Committee in its sole discretion shall determine whether cash, other securities, or other pro

SECTION 21. Entire Agreement. This Agreement and the Plan contains the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersedes all prior communications, re

SECTION 22. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original but all of which together shall represent one and the same agreement.

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

REVLON, INC.

By: ______________________________

Name:

Title:

____

(Signature of Grantee)

____

(Printed Name)

____

(Address)

Notice of Grant of Restricted Stock

Revlon, Inc.
ID: 13-3662955
237 Park Avenue
New York, NY 10017

Name:

Address:

You have been granted restricted shares of Revlon, Inc. Class A Common Stock as follows:

Restricted Stock Grant No.

Date of Grant

Number of Restricted Shares

The vesting schedule of the restricted shares of stock granted hereunder is as follows:

________ of the shares granted hereunder shall vest on ___________, _________ of the shares granted hereunder shall vest on ___________ and the remainder of the shares granted hereunder shall vest on ______________. On each vesting

This grant is made under and governed by the terms and conditions of the Third Amended and Restated Revlon, Inc. Stock Plan and the Restricted Stock Agreement, of which this Notice forms a part.

Under the Company's Confidentiality of Information and Securities Trading Policy (the "Trading Policy"), employees and Directors of the Company, including Grantees of restricted stock, may be restricted from selling shares of restricted st

*** SCHEDULE 1 TO RESTRICTED STOCK AGREEMENT ***

For Revlon, Inc.	Date
Grantee	Date

SCHEDULE 2 TO RESTRICTED STOCK AGREEMENT

Change of Control

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 ha

(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 w

(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 Compa

(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 R

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 o

“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 e

“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 therefor.

“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 in

“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

“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 i

“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.

SUBSIDIARIES OF THE REGISTRANT

Set forth below is a list of certain of the Registrant's subsidiaries. Such subsidiaries are incorporated or organized in the jurisdictions indicated. Revlon Consumer Products Corporation is wholly owned by the Registrant. Each of the other list

Domestic Subsidiaries

Almay, Inc., a Delaware corporation
Charles of the Ritz Group Ltd., a Delaware corporation
Charles Revson Inc., a New York corporation
Cosmetics & More Inc., a Delaware corporation
North America Revsale Inc., a New York corporation
PPI Two Corporation, a Delaware corporation
Revlon Consumer Corp., a Delaware corporation
Revlon Consumer Products Corporation, a Delaware corporation
Revlon Development Corp., a Delaware corporation
Revlon Government Sales, Inc., a Delaware corporation
Revlon International Corporation, a Delaware corporation
Revlon Products Corp., a Delaware corporation
Revlon Real Estate Corporation, a Delaware corporation
RIROS Corporation, a New York corporation
RIROS Group Inc., a Delaware corporation

Foreign Subsidiaries

ACN 000 189 186 Pty. Limited (Australia)
CEIL — Comercio e Distribuidora Ltda. (Brazil)
Cendico B.V. (Netherlands)
Deutsche Revlon GmbH (Germany)
European Beauty Products S.L. (Spain)
Européenne de Produits de Beauté S.A.S. (France)
New Revlon Argentina S.A. (Argentina)
Productos Cosmeticos de Revlon, S.A. (Guatemala)
Promethean Insurance Limited (Bermuda)
REMEA 2 B.V. (Netherlands)
Revlon A.B. (Sweden)
Revlon Australia Pty Limited (Australia)
Revlon Beauty Products, S.L. (Spain)
Revlon B.V. (Netherlands)
Revlon Canada Inc. (Canada)
Revlon Chile S.A. (Chile)
Revlon China Holdings Limited (Cayman Islands)
Revlon Europe, Middle East and Africa Ltd. (Bermuda)
Revlon Group Limited (United Kingdom)
Revlon (Hong Kong) Limited (Hong Kong)
Revlon (Israel) Limited (Israel)
Revlon Kabushiki Kaisha (Japan)
Revlon Ltda. (Brazil)
Revlon Manufacturing Ltd. (Bermuda)
Revlon Mauritius Ltd. (Mauritius)
Revlon New Zealand Limited (New Zealand)
Revlon Offshore Limited (Bermuda)
Revlon Overseas Corporation, C.A. (Venezuela)
Revlon Pension Trustee Company (U.K.) Limited (United Kingdom)

Revlon (Puerto Rico) Inc. (Puerto Rico)
Revlon Real Estate Kabushiki Kaisha (Japan)
Revlon, S.A. de C.V. (Mexico)
Revlon (Shanghai) Limited (China)
Revlon South Africa (Proprietary) Limited (South Africa)
Revlon S.p.A. (Italy)
Revlon (Suisse) S.A. (Switzerland)
Revlon Taiwan Limited (Taiwan)
S.E.F.A.O., S.A. (Spain)
Shanghai Revstar Cosmetic Marketing Services Limited (China)
YAE Artistic Packings Industry Ltd. (Israel)
YAE Press 2000 (1987) Ltd. (Israel)

Consent of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Revlon, Inc.:

We consent to the incorporation by reference in the registration statements (Nos. 333-116160 and 333-147955) on Form S-8 and (Nos. 333-128815 and 333-141545) on Form S-3 of Revlon, Inc. of our report dated March 5, 2008, with respec

/s/ KPMG LLP

New York, New York
March 5, 2008

POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints each of Robert K. Kretzman and Michael T. Sheehan or any of them, each acting alone, his true and lawful attorney-in-fact and

IN WITNESS WHEREOF, the undersigned has signed these presents this 4th day of March, 2008.

/S/ RONALD. O. PERELMAN

RONALD O. PERELMAN

POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints each of Robert K. Kretzman and Michael T. Sheehan or any of them, each acting alone, his true and lawful attorney-in-fact and

IN WITNESS WHEREOF, the undersigned has signed these presents this 4th day of March, 2008.

/S/ BARRY F. SCHWARTZ

BARRY F. SCHWARTZ

POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints each of Robert K. Kretzman and Michael T. Sheehan or any of them, each acting alone, his true and lawful attorney-in-fact and

IN WITNESS WHEREOF, the undersigned has signed these presents 4th day of March, 2008.

/S/ ALAN S. BERNIKOW

ALAN S. BERNIKOW

POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints each of Robert K. Kretzman and Michael T. Sheehan or any of them, each acting alone, his true and lawful attorney-in-fact and

IN WITNESS WHEREOF, the undersigned has signed these presents 4th day of March, 2008.

/S/ PAUL J. BOHAN
PAUL J. BOHAN

POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints each of Robert K. Kretzman and Michael T. Sheehan or any of them, each acting alone, his true and lawful attorney-in-fact and

IN WITNESS WHEREOF, the undersigned has signed these presents this 4th day of March, 2008.

/S/ MEYER FELDBERG

MEYER FELDBERG

POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints each of Robert K. Kretzman and Michael T. Sheehan or any of them, each acting alone, his true and lawful attorney-in-fact and

IN WITNESS WHEREOF, the undersigned has signed these presents this 4th day of March, 2008.

/S/ EDWARD J. LANDAU
EDWARD J. LANDAU

POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints each of Robert K. Kretzman and Michael T. Sheehan or any of them, each acting alone, her true and lawful attorney-in-fact and

IN WITNESS WHEREOF, the undersigned has signed these presents this 4th day of March, 2008.

/S/ DEBRA L. LEE

DEBRA L. LEE

POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints each of Robert K. Kretzman and Michael T. Sheehan or any of them, each acting alone, her true and lawful attorney-in-fact and

IN WITNESS WHEREOF, the undersigned has signed these presents this 4th day of March, 2008.

/S/ LINDA GOSDEN ROBINSON
LINDA GOSDEN ROBINSON

POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints each of Robert K. Kretzman and Michael T. Sheehan or any of them, each acting alone, her true and lawful attorney-in-fact and

IN WITNESS WHEREOF, the undersigned has signed these presents this 4th day of March, 2008.

/S/ KATHI P. SEIFERT

KATHI P. SEIFERT

POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints each of Robert K. Kretzman and Michael T. Sheehan or any of them, each acting alone, his true and lawful attorney-in-fact and

IN WITNESS WHEREOF, the undersigned has signed these presents this 4th day of March, 2008.

/S/ KENNETH L. WOLFE

KENNETH L. WOLFE

Exhibit 31.1

CERTIFICATIONS

I, David L. Kennedy, certify that:

1. I have reviewed this annual report on Form 10-K (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 the Company's supervision, to ensure that material information relating to the Registrant, including its c

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under the Company's supervision, to provide reasonable assurance regarding the reliability of financ

   (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report the Company's conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the pe

   (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)

5. The Registrant's other certifying officer and I have disclosed, based on the Company's 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

   (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: March 5, 2008

/s/ David L. Kennedy
David L. Kennedy
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Alan T. Ennis, certify that:

1. I have reviewed this annual report on Form 10-K (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 the Company's supervision, to ensure that material information relating to the Registrant, including its c

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under the Company's supervision, to provide reasonable assurance regarding the reliability of financ

   (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report the Company's conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the per

   (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)

5. The Registrant's other certifying officer and I have disclosed, based on the Company's 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

   (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: March 5, 2008

/s/ Alan T. Ennis
Alan T. Ennis
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

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 Annual Report on Form 10-K of Revlon, Inc. (the ''Company'') for the period ended December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the ''Report''), I, David L. Kennedy,

(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
Chief Executive Officer
March 5, 2008

Exhibit 32.2

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 Annual Report on Form 10-K of Revlon, Inc. (the ‘‘Company’’) for the period ended December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the ‘‘Report’’), I, Alan T. Ennis, Chie

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Alan T. Ennis
Alan T. Ennis
Chief Financial Officer
March 5, 2008

REVLON, INC.

2008 AUDIT COMMITTEE PRE-APPROVAL POLICY

I. STATEMENT OF PRINCIPLES

The Audit Committee is required to pre-approve the audit and non-audit services performed by the Company's independent auditor, KPMG LLP ("KPMG LLP" or the "independent auditor"), in order to assure that KPMG LLP's provision of

The appendices to this Policy describe the Audit Services, Audit-Related Services, Tax Services and All Other Services that have the general pre-approval of the Audit Committee for 2008, as well as the applicable dollar limits for the particu

II. DELEGATION

The Audit Committee may delegate pre-approval authority to one or more of its members for Audit-Related, Tax Services or All Other Services, each as defined below, to be provided by the independent auditor (but excluding Annual Audit

III. AUDIT SERVICES—ANNUAL AUDIT AND OTHER AUDIT SERVICES

The terms and fees of the Annual Audit Services engagement, including, without limitation, the independent auditor's services in connection with their testing and attestation on management's report on the effectiveness of the Company's int

In addition to the Annual Audit Services engagement approved by the Audit Committee, the Audit Committee may grant pre-approval for Other Audit Services, which are those services that only the independent auditor reasonably can provi

IV. AUDIT-RELATED SERVICES

Audit-Related Services are assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements or that are traditionally performed by the independent auditor. The Audit C independence of the auditor, and has pre-approved the Audit-Related Services listed in Appendix B, provided that such services do not exceed the pre-approved fees set forth on Appendix B. All other Audit-Related Services not listed in App

V. Tax Services

The Audit Committee believes that the independent auditor can provide certain Tax Services to the Company, such as tax preparation and tax compliance (e.g., preparing original and amended state and federal corporate tax returns, planning

The Audit Committee has pre-approved the Tax Services listed in Appendix C, provided that such services do not exceed the pre-approved fees set forth on Appendix C. All other Tax Services for the Company not listed in Appendix C must

Effective April 19, 2007, as to all Tax Services for the Company, the independent auditor must—(1) describe in writing to the Audit Committee the scope of the proposed Tax Service, the proposed fee structure for the engagement and any si

VI. All Other Services

The Audit Committee may grant general pre-approval to those permissible non-audit services classified as All Other Services that it believes are routine and recurring services, and would not impair the independence of the auditor, provided s

VII. PROHIBITED SERVICES

The Company will not retain its independent auditors for any services that are “prohibited services” as defined by applicable statutes or regulations, as may be in effect from time to time, including without limitation, those services prohibited

VIII. PRE-APPROVAL FEE LEVELS

Pre-approval fee levels for all services to be provided by the independent auditor will be established annually by the Audit Committee. Any proposed services exceeding these levels will require specific pre-approval by the Audit Committee.

IX. PROCEDURES

Requests or applications to provide services that require specific approval by the Audit Committee may be submitted to the Audit Committee by the independent auditor and either the Controller or Chief Legal Officer.

Appendix A

Pre-Approved Other Audit Services for Fiscal Year 2008

Dated: November 1, 2007

Service	
Statutory audits or financial audits for subsidiaries of the Company	
Services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings (e.g., comfort letters, consents), and assistance in responding to SEC comment letters	
Consultations by the Company’s management as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by the SEC, FASB, or other regulatory or standard setting bodies	**Total Pre-Approved Annual Fees for Pre-Approved Other Audit Services:**
	$50,000

Appendix B

Pre-Approved Audit-Related Services for Fiscal Year 2008

Dated: November 1, 2007

Service

1. Due diligence services pertaining to potential business acquisitions/dispositions
2. Financial statement audits of employee benefit plans
3. Agreed-upon or expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters
4. Attest services not required by statute or regulation
5. Audit work in connection with liquidations and contract terminations; legal entity dissolution/restructuring assistance; and inventory audits

Total Pre-Approved Annual Fees for Pre-Approved Audit-Related Services:

$200,000

Appendix C

Pre-Approved Tax Services for Fiscal Year 2008*

Dated: November 1, 2007

Service

1. U.S. federal, state and local tax planning and advice
2. U.S. federal, state and local tax compliance
3. International tax planning and advice
4. International tax compliance, including, without limitation, intercompany pricing studies and advance pricing agreements
5. Review of federal, state, local and international income, franchise, and other tax returns, and assistance with tax audit and appeals

Total Pre-Approved Annual Fees for Pre-Approved Tax Services:

$450,000

*The foregoing pre-approval of Tax Services identified on this Appendix C is subject in all cases to compliance with Section V of this Pre-Approval Policy, including without limitation, compliance with applicable rules to document the serv

Appendix D

Pre-Approved All Other Services for Fiscal Year 2008

Dated: November 1, 2007

<u>Service</u>	
All Other Services (including, without limitation, non-audit internal control services, but other than Annual Audit Services and prohibited services) approved by the Chairman of the Audit Committee pursuant to Section II of this policy, provided that the independent auditor complies with any applicable rules and requirements of this Policy to document the services to the Audit Committee and to discuss such services with the Audit Committee.	**Total Pre-Approved Annual Fees for Pre-Approved All Other Services:** **$35,000 per project**

The foregoing pre-approval of non-audit internal control services identified on this Appendix D is subject in all cases to compliance with Section VI of this Pre-Approval Policy, including without limitation, compliance with applicable rules

I. PROHIBITED NON-AUDIT SERVICES

- Bookkeeping or other services related to the accounting records or financial statements of the audit client
- Financial information systems design and implementation*
- Appraisal or valuation services, fairness opinions or contribution-in-kind reports*
- Actuarial services*
- Internal audit outsourcing services*
- Management functions
- Human resources
- Broker-dealer, investment adviser or investment banking services
- Legal services
- Expert services unrelated to the audit

Each of these prohibited services is subject to applicable exceptions under the SEC's rules.

II. PROHIBITED TAX SERVICES

The PCAOB has determined the following services to be "Prohibited Tax Services" for the independent auditor (including any affiliate of the independent auditor, as defined in PCAOB Rule 3501(a)(i)):

- any service or product by the independent auditor or any of its affiliates for the Company and its affiliates for a contingent fee or a commission, including any fee established for the sale of a product or the performance of any service pursuant to an arrangement in which no fee would be payable unless a specified finding or result is attained or the amount of the fee is otherwise dependent on the finding or result of such product or service, taking into account any rights to reimbursements, refunds or other repayments that could modify the amount received in a manner that make it contingent on a finding or result (excluding fees where the amount is fixed by courts or other public authorities and is not dependent on a finding or result), or the independent auditor or any of its affiliates receives, directly or indirectly, a contingent fee or commission;
- non-audit services by the independent auditor or any of its affiliates for the Company and its affiliates related to marketing, planning or opining in favor of the tax treatment of a "confidential transaction" as defined under PCAOB Rule 3501(c)(i) or an "aggressive tax position transaction" (including, without limitation, any transaction that is a "listed transaction" under applicable U.S. Treasury regulations) that was (i) initially recommended, directly or indirectly, by the independent auditor or another tax advisor with which the independent auditor has a formal agreement or other arrangement related

to the promotion of such transactions, and (ii) a significant purpose of which is tax avoidance, unless the proposed tax treatment is at least more likely than not to be allowable under applicable tax laws; and

- tax services by the independent auditor or any of its affiliates for persons that serve in a financial reporting oversight role at the Company or its affiliates, including any employee who is in a position to, or does, exercise influence over the contents of the Company's financial statements or any employee who prepares the financial statements, including, without limitation, the Company's chief executive officer, president, chief financial officer, chief operating officer, general counsel, chief accounting officer, controller, director of internal audit, director of financial reporting, treasurer or any equivalent position, including for any immediate family member of such employees (being such employee's spouse, spousal equivalent and dependents), but excluding tax services for (i) any person that serve in a financial reporting oversight role for the Company or its affiliates solely because such person serves as a member of the Board of Directors, the Audit Committee, any other Board committee or similar management or governing body of the Company or its affiliates (in each case who do not otherwise occupy an employment position in a financial oversight role), (ii) any person serving in a financial reporting oversight role at the Company or its affiliates only because of such person's relationship to an affiliate of the Company if such affiliate's financial statements (1) are not material to the Company's consolidated financial statements or (2) are audited by an auditor other than the Company's independent auditor or its associated persons and (iii) employees who were not in a financial reporting oversight role for the Company or its affiliates before a hiring, promotion or other change in employment event and the tax services were provided by the independent auditor or any of its affiliates to such person pursuant to an engagement in process before the hiring, promotion or other change in employment event, provided that such tax services are completed on or before 180 days after the hiring or promotion event.