

REVLON INC /DE/  
Form 10-Q  
October 28, 2010

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

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended September 30, 2010

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 1-11178

**REVLON, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**13-3662955**

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

**237 Park Avenue, New York, New York**

(Address of principal executive offices)

**10017**

(Zip Code)

**212-527-4000**

(Registrant's telephone number, including area code)

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

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

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

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

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

As of September 30, 2010, 48,776,970 shares of Class A Common Stock, 3,125,000 shares of Class B Common Stock and 9,336,905 shares of Preferred Stock were outstanding. At such date 37,544,640 shares of Class A Common Stock were beneficially owned by MacAndrews & Forbes Holdings Inc. and certain of its affiliates and all of the shares of Class B Common Stock were owned by REV Holdings LLC, a Delaware limited liability company and an indirectly wholly-owned subsidiary of MacAndrews & Forbes Holdings Inc.

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**REVLON, INC. AND SUBSIDIARIES**

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

	<b>September 30, 2010 (Unaudited)</b>	<b>December 31, 2009</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 40.5	\$ 54.5
Trade receivables, less allowance for doubtful accounts of \$3.2 and \$3.8 as of September 30, 2010 and December 31, 2009, respectively	172.9	181.7
Inventories	132.9	119.2
Prepaid expenses and other	58.0	48.2
Total current assets	404.3	403.6
Property, plant and equipment, net	109.5	111.7
Other assets	98.4	96.3
Goodwill, net	182.6	182.6
Total assets	\$ 794.8	\$ 794.2
<b>LIABILITIES AND STOCKHOLDERS DEFICIENCY</b>		
Current liabilities:		
Short-term borrowings	\$ 6.5	\$ 0.3
Current portion of long-term debt	8.0	13.6
Accounts payable	89.9	82.4
Accrued expenses and other	213.0	213.0
Total current liabilities	317.4	309.3
Long-term debt	1,102.1	1,127.8
Long-term debt affiliates	58.4	58.4
Redeemable preferred stock	48.1	48.0
Long-term pension and other post-retirement plan liabilities	199.2	216.3
Other long-term liabilities	61.4	68.0
Stockholders' deficiency:		
Class B Common Stock, par value \$.01 per share: 200,000,000 shares authorized; 3,125,000 shares issued and outstanding as of September 30, 2010 and December 31, 2009, respectively	0.5	0.5

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Class A Common Stock, par value \$.01 per share: 900,000,000 shares authorized; 50,007,728 and 50,021,063 shares issued as of September 30, 2010 and December 31, 2009, respectively

Additional paid-in capital	1,010.0	1,007.2
Treasury stock, at cost: 532,838 and 385,677 shares of Class A Common Stock as of September 30, 2010 and December 31, 2009, respectively	(7.2)	(4.7)
Accumulated deficit	(1,847.6)	(1,878.7)
Accumulated other comprehensive loss	(147.5)	(157.9)
Total stockholders' deficiency	(991.8)	(1,033.6)
Total liabilities and stockholders' deficiency	\$ 794.8	\$ 794.2

See Accompanying Notes to Unaudited Consolidated Financial Statements

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

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Net sales	\$ 319.0	\$ 326.2	\$ 952.2	\$ 951.3
Cost of sales	110.4	117.9	326.1	349.5
Gross profit	208.6	208.3	626.1	601.8
Selling, general and administrative expenses	169.3	155.4	494.3	471.9
Restructuring costs and other, net		2.6	(0.2)	21.4
Operating income	39.3	50.3	132.0	108.5
Other expenses (income):				
Interest expense	23.1	23.0	67.4	71.1
Interest expense preferred stock dividend	1.6		4.8	
Interest income	(0.1)		(0.3)	(0.4)
Amortization of debt issuance costs	1.5	1.4	4.5	4.2
(Gain) loss on early extinguishment of debt, net		(0.3)	9.7	(7.8)
Foreign currency losses, net	0.8	0.2	4.7	4.7
Miscellaneous, net	0.4	0.4	1.2	0.7
Other expenses, net	27.3	24.7	92.0	72.5
Income from continuing operations before income taxes	12.0	25.6	40.0	36.0
(Benefit from) provision for income taxes	(0.6)	2.5	9.2	0.3
Income from continuing operations, net of taxes	12.6	23.1	30.8	35.7
(Loss) income from discontinued operations, net of taxes	(0.1)		0.3	0.3
Net income	\$ 12.5	\$ 23.1	\$ 31.1	\$ 36.0
Basic income (loss) per common share:				
Continuing operations	0.24	0.45	0.59	0.69
Discontinued operations	(0.00)		0.01	0.01
Net income	\$ 0.24	\$ 0.45	\$ 0.60	\$ 0.70
Diluted income (loss) per common share:				
Continuing operations	0.24	0.45	0.59	0.69
Discontinued operations	(0.00)		0.01	0.01

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Net income	\$	0.24	\$	0.45	\$	0.60	\$	0.70
Weighted average number of common shares outstanding:								
Basic		51,901,810		51,567,164		51,889,742		51,538,730
Diluted		52,311,906		51,583,491		52,304,500		51,550,584

See Accompanying Notes to Unaudited Consolidated Financial Statements



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**REVLOON, INC. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENT OF STOCKHOLDERS DEFICIENCY**  
**AND COMPREHENSIVE INCOME (LOSS)**  
(dollars in millions)

	Common Stock	Additional Paid-In- Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders Deficiency
Balance, January 1, 2010	\$ 0.5	\$ 1,007.2	\$ (4.7)	\$ (1,878.7)	\$ (157.9)	\$ (1,033.6)
Treasury stock acquired, at cost <sup>(a)</sup>			(2.5)			(2.5)
Amortization of deferred compensation for restricted stock		2.8				2.8
Comprehensive income:						
Net income				31.1		31.1
Revaluation of financial derivative instruments <sup>(b)</sup>					1.7	1.7
Currency translation adjustment					4.7	4.7
Amortization of pension related costs <sup>(c)</sup>					4.0	4.0
Total comprehensive income						41.5
Balance, September 30, 2010	\$ 0.5	\$ 1,010.0	\$ (7.2)	\$ (1,847.6)	\$ (147.5)	\$ (991.8)

- (a) Pursuant to the share withholding provisions of the Third Amended and Restated Revlon, Inc. Stock Plan (the Stock Plan ), certain employees and executives, in lieu of paying withholding taxes on the vesting of certain restricted stock, authorized the withholding of an aggregate 143,040; nil; and 4,121 shares of Revlon, Inc. Class A Common Stock (as hereinafter defined) during the first, second and third quarters of 2010, respectively, to satisfy the minimum statutory tax withholding requirements related to such vesting. These shares were recorded as treasury stock using the cost method, at a weighted average price per share of \$17.01, \$17.02 and \$10.79 based on the closing price of Revlon, Inc. Class A Common Stock as reported on the NYSE consolidated tape on the respective vesting dates, for a total of \$2.5 million.
- (b) See Note 5, Comprehensive Income, and Note 9, Financial Instruments, for details regarding the net amount of hedge accounting derivative losses recognized due to the Company's use of derivative financial instruments and a reversal of net amounts accumulated in Accumulated Other Comprehensive Loss due to the discontinuance of hedge accounting on the 2008 Interest Rate Swap (as hereinafter defined) prior to its expiration in April 2010 as a result of the 2010 Refinancing (as hereinafter defined).
- (c) See Note 2, Pension and Post-retirement Benefits, and Note 5, Comprehensive Income, for details on the change in Accumulated Other Comprehensive Loss as a result of the amortization of unrecognized prior service costs and actuarial losses arising during the first nine months of 2010.



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

	<b>Nine Months Ended September 30,</b>	
	<b>2010</b>	<b>2009</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 31.1	\$ 36.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Income from discontinued operations, net of taxes	(0.3)	(0.3)
Depreciation and amortization	42.3	45.5
Amortization of debt discount	1.9	0.5
Stock compensation amortization	2.8	4.6
Loss (gain) on early extinguishment of debt, net	9.7	(7.8)
Amortization of debt issuance costs	4.5	4.2
Gain on sale of certain assets		(1.6)
Pension and other post-retirement expense	7.1	20.7
Change in assets and liabilities:		
Decrease in trade receivables	3.6	8.3
(Increase) decrease in inventories	(12.0)	24.0
(Increase) decrease in prepaid expenses and other current assets	(14.2)	0.8
Increase (decrease) in accounts payable	18.1	(0.7)
Increase (decrease) in accrued expenses and other current liabilities	9.1	(7.8)
Pension and other post-retirement plan contributions	(20.1)	(18.7)
Purchases of permanent displays	(25.8)	(26.1)
Other, net	(7.8)	(4.4)
 Net cash provided by operating activities	 50.0	 77.2
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(12.0)	(10.9)
Proceeds from the sale of certain assets	0.2	2.3
 Net cash used in investing activities	 (11.8)	 (8.6)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net decrease in short-term borrowings and overdraft.	(2.9)	(7.1)
Repayments under the 2006 Term Loan Facility	(815.0)	(18.7)
Borrowings under the 2010 Term Loan Facility	786.0	
Repayments of long-term debt	(4.0)	(31.2)
Payment of financing costs	(17.5)	(4.2)
 Net cash used in financing activities	 (53.4)	 (61.2)
<b>CASH FLOWS FROM DISCONTINUED OPERATIONS ACTIVITIES:</b>		

Net cash provided by discontinued operating activities		0.2
Net cash provided by discontinued operations		0.2
Effect of exchange rate changes on cash and cash equivalents	1.2	2.1
Net (decrease) increase in cash and cash equivalents	(14.0)	9.7
Cash and cash equivalents at beginning of period	54.5	52.8
Cash and cash equivalents at end of period	\$ 40.5	\$ 62.5
<i>Supplemental schedule of cash flow information:</i>		
Cash paid during the period for:		
Interest	\$ 59.0	\$ 66.1
Preferred stock dividend	\$ 4.6	\$
Income taxes, net of refunds	\$ 11.2	\$ 9.7
<i>Supplemental schedule of non-cash investing and financing activities:</i>		
Treasury stock received to satisfy minimum tax withholding liabilities	\$ 2.5	\$ 0.7

See Accompanying Notes to Unaudited Consolidated Financial Statements

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**REVLON, INC. AND SUBSIDIARIES  
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**(except where otherwise noted, all tabular amounts in millions, except share and per share amounts)**

**(1) Description of Business and Basis of Presentation**

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

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

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

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the periods presented. Actual results could differ from these estimates. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the consolidated financial statements in the period they are determined to be necessary. Significant estimates made in the accompanying Unaudited Consolidated Financial Statements include, but are not limited to, allowances for doubtful accounts, inventory valuation reserves, expected sales returns and allowances, certain assumptions related to the recoverability of intangible and long-lived assets, deferred tax valuation allowances, reserves for estimated tax liabilities, restructuring costs, certain estimates and assumptions used in the calculation of the net periodic benefit costs and the projected benefit obligation for the Company's pension and other post-retirement plans, including the expected long-term return on pension plan assets and the discount rate used to value the Company's pension benefit obligations. The Unaudited Consolidated Financial Statements should be read in conjunction with the consolidated financial statements and related notes contained in Revlon, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2009, filed with the Securities and Exchange Commission (the SEC) on February 25, 2010 (the 2009 Form 10-K).

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

Effective for periods beginning January 1, 2010, the Company is reporting Canada separately (previously Canada was included in the Europe region) and is reporting South Africa as part of the Europe, Middle East and Africa region (previously South Africa was included in the Asia Pacific region). As a result, prior year amounts have been reclassified to conform to this presentation.



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**(2) Pension and Post-retirement Benefits**

In May 2009, and effective December 31, 2009, Products Corporation amended its U.S. qualified defined benefit pension plan (the Revlon Employees Retirement Plan), covering a substantial portion of the Company's employees in the U.S., to cease future benefit accruals under such plan after December 31, 2009. Products Corporation also amended its non-qualified pension plan (the Revlon Pension Equalization Plan) to similarly cease future benefit accruals under such plan after December 31, 2009. In connection with such amendments, all benefits accrued under such plans through December 31, 2009 will remain in effect and no additional benefits will accrue after December 31, 2009, other than interest credits on participant account balances under the cash balance program of the Company's U.S. pension plans. Also, service credits for vesting and early retirement eligibility will continue to accrue in accordance with the terms of the respective plans. (The plan amendments described above in this Note 2 are hereinafter referred to as the May 2009 Pension Plan Amendments. )

In May 2009, Products Corporation also amended, effective December 31, 2009, its qualified and non-qualified defined contribution savings plans for its U.S.-based employees, creating a new discretionary profit sharing component under such plans that will enable the Company, should it elect to do so, to make discretionary profit sharing contributions. The Company will determine in the fourth quarter of each year whether and, if so, to what extent, profit sharing contributions would be made for the following year. In December 2009, the Company determined that the discretionary profit sharing contribution during 2010 would be 5% of eligible compensation, to be credited on a quarterly basis. (The savings plan amendments described above in this Note 2 are hereinafter referred to as the May 2009 Savings Plan Amendments and, together with the May 2009 Pension Plan Amendments, as the May 2009 Plan Amendments. )

In the three and nine months ended September 30, 2010, the Company recognized lower net periodic benefit cost primarily due to the impact of the May 2009 Plan Amendments which ceased future benefit accruals under the Revlon Employees Retirement Plan and the Revlon Pension Equalization Plan after December 31, 2009 and which resulted in a change in the amortization period of actuarial gains (losses) from the remaining service period to the remaining life expectancy of plan participants.

During 2009, the Company recorded an \$8.6 million decrease in its pension liabilities which was offset against Accumulated Other Comprehensive Loss as a result of the pension curtailment and the re-measurement of the pension liabilities performed in the second quarter of 2009 in connection with the May 2009 Pension Plan Amendments and the May 2009 Program (as defined in Note 6, Restructuring Costs and Other, Net ). The net decrease in pension liabilities was comprised of a non-cash curtailment gain of approximately \$9.2 million which was recorded as an offset against the net actuarial losses previously reported within accumulated other comprehensive income (loss), partially offset by a net increase in pension liabilities of \$0.6 million as a result of the re-measurements noted above.

In the three and nine months ended September 30, 2009, the Company recognized higher pension expense driven primarily by the significant decline in pension asset values in 2008, partially offset by a decrease in pension expense of \$0.8 million and \$1.9 million for the three and nine months ended September 30, 2009, respectively, as a result of the May 2009 Pension Plan Amendments and the May 2009 Program, as noted above. The pension expense for the nine months ended September 30, 2009 includes a non-cash curtailment gain of \$0.8 million related to the recognition of previously unrecognized prior service costs that had been reported in accumulated other comprehensive loss in the second quarter of 2009.





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

The components of net periodic benefit cost for the pension and the other post-retirement benefit plans for the third quarter of 2010 and 2009, respectively, are as follows:

	<b>Pension Plans</b>		<b>Other Post-retirement Benefit Plans</b>	
	<b>Three Months Ended September 30,</b>		<b>Three Months Ended September 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Net periodic benefit costs:				
Service cost	\$ 0.4	\$ 1.8	\$	\$
Interest cost	8.5	8.6	0.2	0.2
Expected return on plan assets	(8.0)	(7.0)		
Amortization of actuarial loss	1.2	3.1	0.1	0.1
	\$ 2.1	\$ 6.5	\$ 0.3	\$ 0.3

The components of net periodic benefit cost for the pension and the other post-retirement benefit plans for the nine-month periods ended September 30, 2010 and 2009, respectively, are as follows:

	<b>Pension Plans</b>		<b>Other Post-retirement Benefit Plans</b>	
	<b>Nine Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Net periodic benefit costs:				
Service cost	\$ 1.2	\$ 5.8	\$	\$
Interest cost	25.4	26.0	0.6	0.6
Expected return on plan assets	(24.1)	(20.6)		
Amortization of prior service cost		(0.1)		
Amortization of actuarial loss	3.8	9.7	0.2	0.1
Curtailment gain		(0.8)		
	6.3	20.0	0.8	0.7
Portion allocated to Revlon Holdings LLC	(0.1)	(0.1)		
	\$ 6.2	\$ 19.9	\$ 0.8	\$ 0.7

The Company expects net periodic benefit costs for the pension and the other post-retirement benefit plans to be approximately \$10 million for all of 2010, compared with \$27.3 million in 2009. The Company currently expects to contribute approximately \$25 million in the aggregate to its pension plans and other post-retirement benefits plans in 2010. During the third quarter of 2010, \$8.1 million and \$0.2 million were contributed to the Company's pension plans and other post-retirement benefit plans, respectively. During the nine-month period ended September 30, 2010, \$19.5 million and \$0.6 million were contributed to the Company's pension plans and other post-retirement benefit plans, respectively.

Relevant aspects of the qualified defined benefit pension plans, nonqualified pension plans and other post-retirement benefit plans sponsored by Products Corporation are disclosed in Revlon, Inc.'s 2009 Form 10-K.

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**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

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

**(3) Inventories**

	September 30, 2010	December 31, 2009
Raw materials and supplies	\$ 44.3	\$ 42.7
Work-in-process	10.2	12.0
Finished goods	78.4	64.5
	\$ 132.9	\$ 119.2

**(4) Basic and Diluted Earnings (Loss) Per Common Share**

Shares used in basic earnings (loss) per share are computed using the weighted average number of common shares outstanding during each period. Shares used in diluted earnings (loss) per share include the dilutive effect of unvested restricted shares and outstanding stock options under the Stock Plan using the treasury stock method. For both the three and nine months ended September 30, 2010 and 2009, options to purchase 988,846 and 1,251,261 shares, respectively, of Revlon, Inc. Class A common stock, par value of \$0.01 per share (the Class A Common Stock), that could potentially dilute basic earnings per share in the future were excluded from the calculation of diluted earnings (loss) per common share as their effect would have been anti-dilutive since their exercise price was in excess of the NYSE closing price of the Class A Common Stock during the period.

For the three and nine months ended September 30, 2010, 287,824 and 283,162 shares, respectively, of unvested restricted stock that could potentially dilute basic earnings per share in the future were excluded from the calculation of diluted earnings (loss) per common share as their effect would be anti-dilutive.

For the three and nine months ended September 30, 2009, 1,204,955 and 1,209,428 shares, respectively, of unvested restricted stock that could potentially dilute basic earnings per share in the future were excluded from the calculation of diluted earnings per common share as their effect would be anti-dilutive.

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**REVLON, INC. AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

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

The components of basic and diluted earnings (loss) per share for the third quarter of 2010 and 2009 and the nine-month periods ended September 30, 2010 and 2009, respectively, are as follows:

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	(shares in millions)			
<b>Numerator:</b>				
Income from continuing operations	\$ 12.6	\$ 23.1	\$ 30.8	\$ 35.7
(Loss) income from discontinued operations	(0.1)		0.3	0.3
Net income	\$ 12.5	\$ 23.1	\$ 31.1	\$ 36.0
<b>Denominator:</b>				
Weighted average common shares outstanding Basic	51.90	51.57	51.89	51.54
Effect of dilutive restricted stock	0.41	0.01	0.41	0.01
Weighted average common shares outstanding Diluted	52.31	51.58	52.30	51.55
<b>Basic earnings (loss) per share:</b>				
Continuing operations	\$ 0.24	\$ 0.45	\$ 0.59	\$ 0.69
Discontinued operations	(0.00)		0.01	0.01
Net income	\$ 0.24	\$ 0.45	\$ 0.60	\$ 0.70
<b>Diluted earnings (loss) per share:</b>				
Continuing operations	\$ 0.24	\$ 0.45	\$ 0.59	\$ 0.69
Discontinued operations	(0.00)		0.01	0.01
Net income	\$ 0.24	\$ 0.45	\$ 0.60	\$ 0.70

**(5) Comprehensive Income**

The components of comprehensive income for the third quarter of 2010 and 2009 and the nine-month periods ended September 30, 2010 and 2009, respectively, are as follows:

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>

Net income	\$ 12.5	\$ 23.1	\$ 31.1	\$ 36.0
Other comprehensive income:				
Revaluation of financial derivative instruments <sup>(a)</sup>		1.7	1.7	3.0
Currency translation adjustment	5.5	1.6	4.7	9.0
Amortization of pension related costs <sup>(b)</sup>	1.3	3.2	4.0	8.9
Pension re-measurement <sup>(c)</sup>				(0.6)
Pension curtailment gain <sup>(c)</sup>				9.2
Total other comprehensive income	6.8	6.5	10.4	29.5
Comprehensive income	\$ 19.3	\$ 29.6	\$ 41.5	\$ 65.5

<sup>(a)</sup> The amount for the nine months ended September 30, 2010 relates to (1) the reclassification of an unrecognized loss of \$0.8 million on the 2008 Interest Rate Swap prior to its expiration in April 2010

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from Accumulated Other Comprehensive Loss into earnings due to the discontinuance of hedge accounting as a result of the 2010 Refinancing (see Note 9, Financial Instruments ) and (2) the reversal of amounts recorded in Accumulated Other Comprehensive Loss pertaining to a net settlement payment of \$0.9 million on the 2008 Interest Rate Swap. The amount for the nine months ended September 30, 2009 relates to (1) net unrealized losses of \$1.4 million on the 2008 Interest Rate Swap and the interest rate swap which expired in September 2009 (together, the Interest Rate Swaps as defined in Note 11, Financial Instruments, of Revlon, Inc.'s 2009 Form 10-K) and (2) the reversal of amounts recorded in Accumulated Other Comprehensive Loss pertaining to net settlement receipts of \$0.8 million and net settlement payments of \$5.2 million on the Interest Rate Swaps.

- (b) The amounts represent the change in Accumulated Other Comprehensive Loss as a result of the amortization of actuarial losses arising during the third quarters of 2010 and 2009, respectively, and the nine-month periods ended September 30, 2010 and 2009, respectively, related to the Company's pension and other post-retirement benefit plans.
- (c) The \$0.6 million increase in pension liabilities recorded within Accumulated Other Comprehensive Loss is the result of the re-measurement of the pension liabilities performed in the second quarter of 2009 in connection with the May 2009 Pension Plan Amendments, as well as the May 2009 Program. In connection with the May 2009 Pension Plan Amendments, the Company also recognized a curtailment gain of \$9.2 million, which reduced its pension liability and was recorded as an offset against the net actuarial losses previously reported within Accumulated Other Comprehensive Loss. (See Note 2, Pension and Post-retirement Benefits. )

**(6) Restructuring Costs and Other, Net**

In May 2009, the Company announced a worldwide restructuring (the May 2009 Program ), which involved consolidating certain functions; reducing layers of management, where appropriate, to increase accountability and effectiveness; streamlining support functions to reflect the new organizational structure; and further consolidating the Company's office facilities in New Jersey.

The \$20.6 million of charges related to the May 2009 Program has been or is expected to be paid out as follows: \$11.0 million paid in 2009, \$7.0 million expected to be paid in 2010 (of which \$6.0 million was paid during the nine-month period ended September 30, 2010) and the balance of \$2.6 million expected to be paid thereafter.

During the nine-month period ended September 30, 2010, a \$0.2 million adjustment was recorded to restructuring costs and other, net to reflect lower than originally anticipated expenses associated with the May 2009 Program.

During the third quarter of 2009, the Company recorded charges of \$2.6 million in restructuring costs and other, net for lease and equipment write-offs related to the May 2009 Program.

During the nine-month period ended September 30, 2009, the Company recorded charges of \$21.4 million in restructuring costs and other, net, which are comprised of:

- a \$20.8 million charge related to the May 2009 Program;

- \$1.2 million of charges related to employee severance and other employee-related termination costs related to restructuring actions in the U.K., Mexico and Argentina announced in the first quarter of 2009 (together with

the May 2009 Program, the 2009 Programs ); and

a \$1.0 million charge related to the 2008 Programs (as hereinafter defined);

with the foregoing partially offset by

income of \$1.6 million related to the sale of a facility in Argentina in the first quarter of 2009.

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The Company recorded restructuring costs related to various other restructuring plans during 2008 (the 2008 Programs ). (See Note 3, Restructuring Costs and Other, Net, to the Consolidated Financial Statements in Revlon, Inc. s 2009 Form 10-K.)

Details of the movements in the restructuring accrual for the 2008 Programs and 2009 Programs during the nine-month period ended September 30, 2010 are as follows:

	<b>Balance as of</b>	<b>(Income)</b>	<b>Utilized, Net</b>		<b>Balance as of</b>
	<b>January 1, 2010</b>	<b>Expenses, Net</b>	<b>Cash</b>	<b>Noncash</b>	<b>September 30, 2010</b>
Employee severance and other personnel benefits:					
2008 Programs	\$ 0.3	\$	\$ (0.3)	\$	\$
2009 Programs	7.6	(0.1)	(5.6)		1.9
	7.9	(0.1)	(5.9)		1.9
Lease exit	2.3	(0.1)	(0.4)		1.8
Total restructuring costs and other, net	\$ 10.2	\$ (0.2)	\$ (6.3)	\$	\$ 3.7

**(7) Geographic, Financial and Other Information**

The Company manages its business on the basis of one reportable operating segment. As of September 30, 2010, the Company had operations established in 14 countries outside of the U.S. and its products are sold throughout the world. Generally, net sales by geographic area are presented by attributing revenues from external customers on the basis of where the products are sold.

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

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>			
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Geographic area:</b>						
Net sales:						
United States	\$ 166.7	52%	\$ 183.7	56%	\$ 528.1	55%
Outside of the United States	152.3	48%	142.5	44%	424.1	45%
	\$ 319.0		\$ 326.2		\$ 952.2	\$ 951.3



	<b>September 30, 2010</b>		<b>December 31, 2009</b>	
Long-lived assets:				
United States	\$ 306.3	78%	\$ 308.6	79%
Outside of the United States	84.2	22%	82.0	21%
	\$ 390.5		\$ 390.6	

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	<b>Three Months Ended</b>				<b>Nine Months Ended</b>			
	<b>September 30,</b>		<b>September 30,</b>		<b>September 30,</b>		<b>September 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Classes of similar products:</b>								
Net sales:								
Color cosmetics	\$ 183.1	57%	\$ 191.3	59%	\$ 583.0	61%	\$ 582.1	61%
Beauty care and fragrance	135.9	43%	134.9	41%	369.2	39%	369.2	39%
	\$ 319.0		\$ 326.2		\$ 952.2		\$ 951.3	

**(8) Fair Value Measurements**

The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification (the Fair Value Measurements and Disclosures Topic ) clarifies the definition of fair value of assets and liabilities, establishes a framework for measuring the fair value of assets and liabilities and expands the disclosures on fair value measurements. The Company adopted the provisions of the Fair Value Measurements and Disclosures Topic with respect to financial assets and liabilities effective January 1, 2008 and with respect to non-financial assets and liabilities effective as of January 1, 2009, neither of which had a material impact on the Company's results of operations and/or financial condition.

The fair value framework under the Fair Value Measurements and Disclosures Topic requires the categorization of assets and liabilities into three levels based upon the assumptions used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3, if applicable, generally would require significant management judgment. The three levels for categorizing assets and liabilities fair value measurement requirements are as follows:

Level 1: Fair valuing the asset or liability using observable inputs, such as quoted prices in active markets for identical assets or liabilities;

Level 2: Fair valuing the asset or liability using inputs other than quoted prices that are observable for the applicable asset or liability, either directly or indirectly, such as quoted prices for similar (as opposed to identical) assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active; and

Level 3: Fair valuing the asset or liability using unobservable inputs that reflect the Company's own assumptions regarding the applicable asset or liability.

As of September 30, 2010, the fair values of the Company's financial assets and liabilities, namely its FX Contracts (as hereinafter defined), and Revlon, Inc.'s Series A Preferred Stock, par value \$0.01 per share (the Preferred Stock ), are categorized as presented in the table below:

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Assets:</b>				
Derivatives:				
FX Contracts <sup>(a)</sup>	\$ 0.3	\$	\$ 0.3	\$
Total assets at fair value	\$ 0.3	\$	\$ 0.3	\$
<b>Liabilities:</b>				
Derivatives:				
FX Contracts <sup>(a)</sup>	\$ 1.4	\$	\$ 1.4	\$
Redeemable Preferred Stock (Change of Control Amount) <sup>(b)</sup>	0.2			0.2
Total liabilities at fair value	\$ 1.6	\$	\$ 1.4	\$ 0.2

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- (a) The fair value of the Company's FX Contracts was measured based on observable market transactions of spot and forward rates at September 30, 2010. (See Note 9, Financial Instruments. )
- (b) In October 2009, Revlon, Inc. consummated its voluntary exchange offer (as amended, the Exchange Offer ) in which, among other things, Revlon, Inc. issued to stockholders (other than MacAndrews & Forbes) 9,336,905 shares of its Preferred Stock in exchange for the same number of shares of Class A Common Stock tendered in the Exchange Offer. Upon consummation of the Exchange Offer, Revlon, Inc. initially recorded the Preferred Stock as a long-term liability at a fair value of \$47.9 million, which was comprised of two components:

*Liquidation Preference:* Upon initial valuation of the Preferred Stock, the total amount to be paid by Revlon, Inc. at maturity is approximately \$48.6 million, which represents the \$5.21 liquidation preference for each of the 9,336,905 shares of Preferred Stock issued in the Exchange Offer (the Liquidation Preference ). The Liquidation Preference was initially measured at fair value based on the yield to maturity of the \$48.6 million portion of the Senior Subordinated Term Loan (as hereinafter defined) that was contributed to Revlon, Inc. by MacAndrews & Forbes (the Contributed Loan ), adjusted for an estimated average subordination premium for subordinated note issues. The Liquidation Preference is subsequently measured at the present value of the amount to be paid at maturity, accruing interest cost using the rate implicit at the issuance date since both the amount to be paid and the maturity date are fixed.

*Change of Control Amount:* Holders of the Preferred Stock are entitled to receive upon a change of control transaction (as defined in the certificate of designation of the Preferred Stock) through October 8, 2012, a pro rata portion of the equity value received in such transaction, capped at an amount that would provide aggregate cash payments of \$12.00 per share over the term of the Preferred Stock. If the equity value received in the change of control transaction is greater than or equal to \$12.00 per share, then each holder of Preferred Stock will be entitled to receive an amount equal to \$12.00 minus the Liquidation Preference minus any paid and/or accrued and unpaid dividend on the Preferred Stock. If the per share equity value received in the change of control transaction is less than \$12.00, then each holder of Preferred Stock is entitled to receive an amount equal to such per share equity value minus the Liquidation Preference minus any paid and/or accrued and unpaid dividend on the Preferred Stock. If the per share equity value received in the change of control transaction does not exceed the Liquidation Preference plus any paid and/or accrued and unpaid dividend, then each holder of the Preferred Stock is not entitled to an additional payment upon any such change of control transaction (the foregoing payments being the Change of Control Amount ). The fair value of the Change of Control Amount of the Preferred Stock, which is deemed to be a Level 3 liability, is based on the Company's assessment of the likelihood of the occurrence of specified change of control transactions within three years of the consummation of the Exchange Offer. There was no change in the fair value of the Change in Control Amount from the initial valuation performed upon the October 2009 consummation of the Exchange Offer through September 30, 2010.

**(9) Financial Instruments**

The fair value of the Company's debt, including the current portion of long-term debt and Preferred Stock, is based on the quoted market prices for the same issues or on the current rates offered for debt of similar remaining maturities. The estimated fair value of such debt and Preferred Stock at September 30, 2010 was approximately \$1,242.1 million, which was more than the carrying value of such debt and Preferred Stock at September 30, 2010 of \$1,216.6 million.

The estimated fair value of such debt and Preferred Stock at December 31, 2009 was approximately \$1,241.4 million, which was less than the carrying value of such debt and Preferred Stock at December 31, 2009 of \$1,247.8 million.

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

Products Corporation also maintains standby and trade letters of credit for various corporate purposes under which Products Corporation is obligated, of which approximately \$21.2 million and \$12.2 million (including amounts available under credit agreements in effect at that time) were maintained at September 30, 2010 and December 31, 2009, respectively. Included in these amounts is approximately \$9.1 million and \$9.3 million at September 30, 2010 and December 31, 2009, respectively, in standby letters of credit which support Products Corporation's self-insurance programs. The estimated liability under such programs is accrued by Products Corporation.

***Derivative Financial Instruments***

The Company uses derivative financial instruments, primarily (1) foreign currency forward exchange contracts (FX Contracts) intended for the purpose of managing foreign currency exchange risk by reducing the effects of fluctuations in foreign currency exchange rates on the Company's net cash flows and (2) interest rate hedging transactions intended for the purpose of managing interest rate risk associated with Products Corporation's variable rate indebtedness.

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

***Foreign Currency Forward Exchange Contracts***

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

The U.S. dollar notional amount of the FX Contracts outstanding at September 30, 2010 and December 31, 2009 was \$42.9 million and \$54.3 million, respectively.

***Interest Rate Swap Transactions***

Prior to its expiration in April 2010, the Company's floating-to-fixed interest rate swap had a notional amount of \$150.0 million initially relating to indebtedness under Products Corporation's former 2006 Term Loan Facility (as hereinafter defined) (prior to its complete refinancing in March 2010) and which also related, through its expiration in April 2010, to a notional amount of \$150.0 million relating to indebtedness under Products Corporation's 2010 Term Loan Facility (as hereinafter defined in Note 10, Long-Term Debt and Redeemable Preferred Stock) (the 2008 Interest Rate Swap). Under the terms of the 2008 Interest Rate Swap, Products Corporation was required to pay to the counterparty a quarterly fixed interest rate of 2.66% on the \$150.0 million notional amount under the 2008 Interest Rate Swap (which, based upon the 4.0% applicable margin, effectively fixed the interest rate on such notional amounts at 6.66% for the 2-year term of such swap), commencing in July 2008, while receiving a variable interest rate payment from the counterparty equal to three-month U.S. dollar LIBOR.

The 2008 Interest Rate Swap was initially designated as a cash flow hedge of the variable interest rate payments on Products Corporation's former 2006 Term Loan Facility (prior to its complete refinancing in March 2010) under the Derivatives and Hedging Topic of the FASB Accounting Standards Codification (the Derivatives and Hedging Topic). However, as a result of the 2010 Refinancing (as hereinafter

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defined in Note 10, Long-Term Debt and Redeemable Preferred Stock ), effective March 11, 2010 (the closing date of the 2010 Refinancing), the 2008 Interest Rate Swap no longer met the criteria specified under the Derivatives and Hedging Topic to allow for the deferral of the effective portion of unrecognized hedging gains or losses in other comprehensive income since the scheduled variable interest payment specified on the date originally documented at the inception of the hedge will not occur. As a result, as of March 11, 2010, the Company reclassified an unrecognized loss of \$0.8 million from Accumulated Other Comprehensive Loss into earnings.

**Quantitative Information – Derivative Financial Instruments**

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

(a) Fair Value of Derivative Financial Instruments in Consolidated Balance Sheet at September 30, 2010 and December 31, 2009, respectively:

	Fair Values of Derivative Instruments					
	Balance Sheet	Assets		Balance Sheet	Liabilities	
		September 30,	December 31,		September 30,	December 31,
Derivatives:	Classification	2010 Fair Value	2009 Fair Value	Classification	2010 Fair Value	2009 Fair Value
<i>Derivatives designated as hedging instruments:</i>						
2008 Interest Rate Swap <sup>(a)(b)</sup>						
	Prepaid expenses	\$	\$	Accrued expenses	\$	\$ 1.8
<i>Derivatives not designated as hedging instruments:</i>						
	Prepaid expenses	0.3	0.1	Accrued expenses	1.4	1.7
		\$ 0.3	\$ 0.1		\$ 1.4	\$ 3.5

(a) Effective March 11, 2010 (the closing date of the 2010 Refinancing), the 2008 Interest Rate Swap, which expired in April 2010, was no longer designated as a cash flow hedge. (See Interest Rate Swap Transactions in this Note 9.)

(b) At December 31, 2009, the fair value of the 2008 Interest Rate Swap, which expired in April 2010, was determined by using the three-month U.S. Dollar LIBOR index at the latest receipt date, or October 16, 2009.

(c) The fair values of the FX Contracts at September 30, 2010 and December 31, 2009 were determined by using observable market transactions of spot and forward rates at September 30, 2010 and December 31, 2009, respectively.



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(b) Effects of Derivative Financial Instruments on Income and Other Comprehensive Income (Loss) ( OCI ) for the third quarter of 2010 and 2009, respectively:

<b>Derivative Instruments Gain (Loss) Effect on Consolidated Statement of Operations for the Three Months Ended September 30,</b>					
	<b>Amount of Gain (Loss) Recognized in OCI (Effective Portion)</b>		<b>Income Statement Classification of Gain (Loss) Reclassified from OCI to Income</b>	<b>Amount of Gain (Loss) Reclassified from OCI to Income (Effective Portion)</b>	
	<b>2010</b>	<b>2009</b>		<b>2010</b>	<b>2009</b>
<i>Derivatives designated as hedging instruments:</i>					
2008 Interest Rate Swap <sup>(a)</sup>	\$	\$ 1.7	Interest expense	\$	\$ (2.0)
	<b>Amount of Gain (Loss) Recognized in Foreign Currency Gains (Losses), Net</b>		<b>Income Statement Classification of Gain (Loss) Reclassified from OCI to Income</b>	<b>Amount of Gain (Loss) Recognized in Interest Expense (Ineffective Portion)</b>	
	<b>2010</b>	<b>2009</b>		<b>2010</b>	<b>2009</b>
<i>Derivatives not designated as hedging instruments:</i>					
FX Contracts	\$ (2.1)	\$ (1.7)	Interest expense	\$	\$

<sup>(a)</sup> Effective March 11, 2010 (the closing date of the 2010 Refinancing), the 2008 Interest Rate Swap, which expired in April 2010, was no longer designated as a cash flow hedge. (See Interest Rate Swap Transactions in this Note 9.)

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Effects of Derivative Financial Instruments on Income and OCI for the nine-month periods ended September 30, 2010 and 2009, respectively:

**Derivative Instruments Gain (Loss) Effect on Consolidated  
Statement of Operations for the Nine Months Ended  
September 30,**

	<b>Amount of Gain (Loss) Recognized in OCI (Effective Portion)</b>		<b>Income Statement Classification of Gain (Loss) Reclassified from OCI to Income</b>	<b>Amount of Gain (Loss) Reclassified from OCI to Income (Effective Portion)</b>	
	<b>2010</b>	<b>2009</b>		<b>2010</b>	<b>2009</b>
<i>Derivatives designated as hedging instruments:</i>					
2008 Interest Rate Swap <sup>(a)</sup>	\$	\$ (2.4)	Interest expense	\$ (0.9)	\$ (4.2)

	<b>Amount of Gain (Loss) Recognized in Foreign Currency Gains (Losses), Net</b>		<b>Income Statement Classification of Gain (Loss) Reclassified from OCI to Income</b>	<b>Amount of Gain (Loss) Recognized in Interest Expense (Ineffective Portion)</b>	
	<b>2010</b>	<b>2009</b>		<b>2010</b>	<b>2009</b>
<i>Derivatives not designated as hedging instruments:</i>					
FX Contracts	\$ (1.5)	\$ (5.1)	Interest expense	\$	\$
2008 Interest Rate Swap <sup>(a)</sup>			Interest expense	(0.8)	
	\$ (1.5)	\$ (5.1)		\$ (0.8)	\$

<sup>(a)</sup> Effective March 11, 2010 (the closing date of the 2010 Refinancing), the 2008 Interest Rate Swap, which expired in April 2010, was no longer designated as a cash flow hedge. (See Interest Rate Swap Transactions in this Note 9.)

**(10) Long-Term Debt and Redeemable Preferred Stock**

	<b>September 30, 2010</b>	<b>December 31, 2009</b>
2010 Term Loan Facility due 2015, net of discounts <sup>(a)</sup>	\$ 783.4	\$
2006 Term Loan Facility due 2012 <sup>(a)</sup>		815.0
2010 Revolving Credit Facility due 2014 <sup>(a)</sup>		
93/4% Senior Secured Notes due 2015, net of discounts <sup>(b)</sup>	326.7	326.4
Senior Subordinated Term Loan due 2014 <sup>(c)</sup>	58.4	58.4
	1,168.5	1,199.8
Less current portion	(8.0)	(13.6)
	1,160.5	1,186.2
Redeemable Preferred Stock <sup>(d)</sup>	48.1	48.0
	\$ 1,208.6	\$ 1,234.2

<sup>(a)</sup> On March 11, 2010, the Company consummated the 2010 Refinancing. The 2010 Refinancing, among other things, extended the maturity of Products Corporation's 2006 Term Loan Facility and 2006

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Revolving Credit Facility, each due January 2012, by entering into the 2010 Term Loan Facility due March 2015 and the 2010 Revolving Credit Facility due March 2014, respectively (each as hereinafter defined).

- (b) See Note 9, Long-Term Debt and Redeemable Preferred Stock, to the Consolidated Financial Statements in Revlon, Inc.'s 2009 Form 10-K for certain details regarding Products Corporation's 93/4% Senior Secured Notes which mature on November 15, 2015 (the 93/4% Senior Secured Notes). Pursuant to a registration rights agreement, on June 1, 2010, Products Corporation commenced an offer to exchange the original 93/4% Senior Secured Notes (Old Notes) for up to \$330 million in aggregate principal amounts of its 93/4% Senior Secured Notes due 2015 (New Notes) that have been registered under the Securities Act of 1933, as amended (the Securities Act). On July 16, 2010, all of the Old Notes were exchanged for New Notes which have substantially identical terms as the Old Notes, except that the New Notes are registered with the SEC under the Securities Act and the transfer restrictions and registration rights applicable to the Old Notes do not apply to the New Notes.
- (c) See Note 9, Long-Term Debt and Redeemable Preferred Stock, to the Consolidated Financial Statements in Revlon, Inc.'s 2009 Form 10-K for certain details regarding the \$58.4 million principal amount of the Senior Subordinated Term Loan which remains owing from Products Corporation to MacAndrews & Forbes (the Non-Contributed Loan), which matures on October 8, 2014.
- (d) See Note 9, Long-Term Debt and Redeemable Preferred Stock, to the Consolidated Financial Statements in Revlon, Inc.'s 2009 Form 10-K for certain details regarding Revlon, Inc.'s redeemable Preferred Stock. The Liquidation Preference of the Preferred Stock was initially measured at a fair value of \$47.7 million, based on the yield to maturity of the \$48.6 million Contributed Loan, adjusted for an estimated average subordination premium for subordinated note issues. The Liquidation Preference is subsequently measured at the present value of the amount to be paid at maturity, accruing interest cost using the rate implicit at the issuance date since both the amount to be paid and the maturity date are fixed.

***Recent Debt Reduction Transactions***

**Refinancing of the 2006 Term Loan and Revolving Credit Facilities:** In March 2010, Products Corporation consummated a credit agreement refinancing (the 2010 Refinancing) consisting of the following transactions:

The 2010 Refinancing included refinancing Products Corporation's term loan facility, which was scheduled to mature on January 15, 2012 and had \$815.0 million aggregate principal amount outstanding at December 31, 2009 (the 2006 Term Loan Facility), with a 5-year, \$800.0 million term loan facility due March 11, 2015 (the 2010 Term Loan Facility) under a second amended and restated term loan agreement dated March 11, 2010 (the 2010 Term Loan Agreement), among Products Corporation, as borrower, the lenders party thereto, Citigroup Global Markets Inc. (CGMI), J.P. Morgan Securities Inc. (JPM Securities), Banc of America Securities LLC (BAS) and Credit Suisse Securities (USA) LLC (Credit Suisse), as joint lead arrangers, CGMI, JPM Securities, BAS, Credit Suisse and Natixis, New York Branch (Natixis), as joint bookrunners, JPMorgan Chase Bank, N.A. and Bank of America, N.A. as co-syndication agents, Credit Suisse and Natixis as co-documentation agents, and Citicorp USA, Inc. (CUSA), as administrative agent and collateral agent.

The 2010 Refinancing also included refinancing Products Corporation's 2006 revolving credit facility, which was scheduled to mature on January 15, 2012 and had nil outstanding borrowings at December 31, 2009, with a 4-year, \$140.0 million asset-based, multi-currency revolving credit facility due March 11, 2014 (the 2010

Revolving Credit Facility and, together with the 2010 Term Loan Facility, the 2010 Credit Facilities ) under a second amended and restated revolving credit

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agreement dated March 11, 2010 (the 2010 Revolving Credit Agreement and, together with the 2010 Term Loan Agreement, the 2010 Credit Agreements ), among Products Corporation, as borrower, the lenders party thereto, CGMI and Wells Fargo Capital Finance, LLC ( WFS ), as joint lead arrangers, CGMI, WFS, BAS, JPM Securities and Credit Suisse, as joint bookrunners, and CUSA, as administrative agent and collateral agent.

Products Corporation used the approximately \$786 million of proceeds from the 2010 Term Loan Facility, which was drawn in full on the March 11, 2010 closing date and issued to lenders at 98.25% of par, plus approximately \$31 million of available cash and approximately \$20 million then drawn on the 2010 Revolving Credit Facility to refinance in full the \$815.0 million of outstanding indebtedness under its 2006 Term Loan Facility and to pay approximately \$7 million of accrued interest and approximately \$15 million of fees and expenses incurred in connection with consummating the 2010 Refinancing, of which approximately \$9 million was capitalized.

**2010 Revolving Credit Facility**

Availability under the 2010 Revolving Credit Facility varies based on a borrowing base that is determined by the value of eligible accounts receivable and eligible inventory in the U.S. and the U.K. and eligible real property and equipment in the U.S. from time to time.

In each case subject to borrowing base availability, the 2010 Revolving Credit Facility is available to:

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

If the value of the eligible assets is not sufficient to support the \$140.0 million borrowing base under the 2010 Revolving Credit Facility, Products Corporation will not have full access to the 2010 Revolving Credit Facility. Products Corporation's ability to make borrowings under the 2010 Revolving Credit Facility is also conditioned upon the satisfaction of certain conditions precedent and Products Corporation's compliance with other covenants in the 2010 Revolving Credit Agreement.

Borrowings under the 2010 Revolving Credit Facility bear interest at a rate equal to, at Products Corporation's option, either (i) the Eurodollar Rate plus 3.00% per annum or (ii) the Alternate Base Rate plus 2.00% per annum.

Prior to the termination date of the 2010 Revolving Credit Facility, revolving loans are required to be prepaid (without any permanent reduction in commitment) with:

- (i) the net cash proceeds from sales of Revolving Credit First Lien Collateral (as defined below) by Products Corporation or any of its subsidiary guarantors (other than dispositions in the ordinary course of business and certain

other exceptions); and

(ii) the net proceeds from the issuance by Products Corporation or any of its subsidiaries of certain additional debt, to the extent there remains any such proceeds after satisfying Products Corporation's repayment obligations under the 2010 Term Loan Facility.

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Products Corporation pays to the lenders under the 2010 Revolving Credit Facility a commitment fee of 0.75% of the average daily unused portion of the 2010 Revolving Credit Facility, which fee is payable quarterly in arrears. Under the 2010 Revolving Credit Facility, Products Corporation also pays:

- (i) to foreign lenders a fronting fee of 0.25% per annum on the aggregate principal amount of specified Local Loans (as defined in the 2010 Revolving Credit Agreement) (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 (as defined in the 2010 Revolving Credit Agreement) for revolving credit loans that are Eurodollar Rate (as defined in the 2010 Revolving Credit Agreement) 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.

Under certain circumstances, Products Corporation will have the right to request that the 2010 Revolving Credit Facility be increased by up to \$60.0 million, provided that the lenders are not committed to provide any such increase.

Under certain circumstances if and when the difference between (i) the borrowing base under the 2010 Revolving Credit Facility and (ii) the amounts outstanding under the 2010 Revolving Credit Facility is less than \$20.0 million for a period of two consecutive days or more, and until such difference is equal to or greater than \$20.0 million for a period of 30 consecutive business days, the 2010 Revolving Credit Facility requires Products Corporation to maintain a consolidated fixed charge coverage ratio (the ratio of EBITDA minus Capital Expenditures to Cash Interest Expense for such period, as each such term is defined in the 2010 Revolving Credit Facility) of 1.0 to 1.0.

The 2010 Revolving Credit Facility matures on March 11, 2014.

**2010 Term Loan Facility**

Under the 2010 Term Loan Facility, Eurodollar Loans (as defined in the 2010 Term Loan Agreement) bear interest at the Eurodollar Rate (as defined in the 2010 Term Loan Agreement) plus 4.00% per annum (provided that in no event shall the Eurodollar Rate be less than 2.00% per annum) and Alternate Base Rate (as defined in the 2010 Term Loan Agreement) loans bear interest at the Alternate Base Rate plus 3.00% per annum (provided that in no event shall the Alternate Base Rate be less than 3.00% per annum).

Prior to the termination date of the 2010 Term Loan Facility, on June 30, September 30, December 31 and March 31 of each year (commencing June 30, 2010), Products Corporation is required to repay \$2.0 million of the principal amount of the term loans outstanding under the 2010 Term Loan Facility on each respective date. In addition, the term loans under the 2010 Term Loan Facility are required to be prepaid with:



(i) the net cash proceeds in excess of \$10.0 million for each 12-month period ending on March 31 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 a reinvestment right for 365 days and carryover of unused annual basket amounts up to a maximum of \$25.0 million and subject to certain specified dispositions of up to an additional \$25.0 million in the aggregate);

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(ii) the net proceeds from the issuance by Products Corporation or any of its subsidiaries of certain additional debt; and

(iii) 50% of Products Corporation's excess cash flow (as defined under the 2010 Term Loan Agreement), commencing with excess cash flow for the 2011 fiscal year payable in the first quarter of 2012.

Any such prepayments are applied to reduce Products Corporation's future regularly scheduled term loan amortization payments, to be applied in the direct order of maturity to the remaining installments thereof or as otherwise directed by Products Corporation.

The 2010 Term Loan Facility contains a financial covenant limiting Products Corporation's first lien senior secured leverage ratio (the ratio of Products Corporation's Senior Secured Debt that has a lien on the collateral which secures the 2010 Term Loan Facility that is not junior or subordinated to the liens securing the 2010 Term Loan Facility (excluding debt outstanding under the 2010 Revolving Credit Facility) to EBITDA, as each such term is defined in the 2010 Term Loan Facility), to 4.0 to 1.0 for each period of four consecutive fiscal quarters ending during the period from March 31, 2010 to the March 2015 maturity date of the 2010 Term Loan Facility.

Under certain circumstances, Products Corporation will have the right to request the 2010 Term Loan Facility to be increased by up to \$300.0 million, provided that the lenders are not committed to provide any such increase.

The 2010 Term Loan Facility matures on March 11, 2015.

**Provisions Applicable to the 2010 Revolving Credit Facility and the 2010 Term Loan Facility**

The 2010 Credit Facilities are supported by, among other things, guarantees from Revlon, Inc. and, subject to certain limited exceptions, Products Corporation's domestic subsidiaries. The obligations of Products Corporation under the 2010 Credit Facilities and the obligations under such guarantees are secured by, subject to certain limited exceptions, substantially all of the assets of Products Corporation and the guarantors, including:

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

(ii) the capital stock of Products Corporation and the subsidiary guarantors and 66% of the voting capital stock and 100% of the non-voting capital stock of Products Corporation's and the subsidiary guarantors' first-tier, non-U.S. subsidiaries;

(iii) 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 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 property related to the foregoing (the Revolving Credit First Lien Collateral) secure the 2010 Revolving Credit Facility on a first priority basis, the 2010 Term Loan Facility on a second priority basis and Products Corporation's 93/4% Senior Secured Notes due November 2015 (the 93/4% Senior Secured Notes) and the related guarantees on a third priority basis. The liens

on the capital stock of Products Corporation and its subsidiaries, intellectual property and intangible property (other than intangible property included in the Revolving Credit First Lien Collateral) (the Term Loan First Lien Collateral ) secure the 2010 Term

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Loan Facility on a first priority basis and the 2010 Revolving Credit Facility and the 93/4% Senior Secured Notes and the related guarantees on a second priority basis. Such arrangements are set forth in the Third Amended and Restated Intercreditor and Collateral Agency Agreement, dated March 11, 2010, by and among Products Corporation and CUSA, as administrative agent and as collateral agent for the benefit of the secured parties for the 2010 Term Loan Facility, 2010 Revolving Credit Facility and the 93/4% Senior Secured Notes (the 2010 Intercreditor Agreement ). The 2010 Intercreditor Agreement also provides that the liens referred to above may be shared from time to time, subject to certain limitations, with specified types of other obligations incurred or guaranteed by Products Corporation, such as foreign exchange and interest rate hedging obligations and foreign working capital lines.

Each of the 2010 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 NYSE listing fees, and other expenses related to being a public holding company;
  - (b) subject to certain circumstances, to finance the purchase by Revlon, Inc. of its Class A Common Stock in connection with the delivery of such Class A Common Stock to grantees under the Third Amended and Restated Revlon, Inc. Stock Plan and/or the payment of withholding taxes in connection with the vesting of restricted stock awards under such plan;
  - (c) subject to certain limitations, to pay dividends or make other payments to finance the purchase, redemption or other retirement for value by Revlon, Inc. of stock or other equity interests or equivalents in Revlon, Inc. held by any current or former director, employee or consultant in his or her capacity as such; and
  - (d) subject to certain limitations, to make other restricted payments to affiliates of Products Corporation in amounts up to \$5.0 million per year (\$10.0 million in 2010), other restricted payments in an aggregate amount not to exceed \$20.0 million and other restricted payments based upon certain financial tests;
- (iii) creating liens or other encumbrances on Products Corporation s or its subsidiaries assets or revenues, granting negative pledges or selling or transferring any of Products Corporation s or its subsidiaries assets, all subject to certain limited exceptions;
- (iv) with certain exceptions, engaging in merger or acquisition transactions;
- (v) prepaying indebtedness and modifying the terms of certain indebtedness and specified material contractual obligations, subject to certain exceptions;
- (vi) making investments, subject to certain exceptions; and

(vii) entering into transactions with affiliates of Products Corporation involving aggregate payments or consideration in excess of \$10.0 million other than upon terms that are not materially less favorable when taken as a whole to Products Corporation or its subsidiaries as terms that would be obtainable at the time for a comparable transaction or series of similar transactions in arm's length dealings with an unrelated third person and where such payments or consideration exceed

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\$20.0 million, unless such transaction has been approved by all of the independent directors of Products Corporation, subject to certain exceptions.

The events of default under each of the 2010 Credit Facilities include customary events of default for such types of agreements, including, among others:

- (i) nonpayment of any principal, interest or other fees when due, subject in the case of interest and fees to a grace period;
- (ii) non-compliance with the covenants in such 2010 Credit Facilities 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 \$25.0 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 \$25.0 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 2010 Term Loan Facility, a cross default under the 2010 Revolving Credit Facility, and in the case of the 2010 Revolving Credit Facility, a cross default under the 2010 Term Loan Facility;
- (vi) the failure by Products Corporation, certain of Products Corporation's subsidiaries or Revlon, Inc. to pay certain material judgments;
- (vii) a change of control such that (A) Revlon, Inc. shall cease to be the beneficial and record owner of 100% of Products Corporation's capital stock, (B) Ronald O. Perelman (or his estate, heirs, executors, administrator or other personal representative) and his or their controlled affiliates shall cease to control Products Corporation, and any other person or group of persons owns, directly or indirectly, more than 35% of 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 a majority of such continuing directors) shall cease to be a majority of the directors;
- (viii) Revlon, Inc. shall have any meaningful assets or indebtedness or shall conduct any meaningful business other than its ownership of Products Corporation and such activities as are customary for a publicly traded holding company which is not itself an operating company, in each case subject to limited exceptions; and
- (ix) the failure of certain 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, subject to certain exceptions, including exceptions as to Products

Corporation's Senior Subordinated Term Loan.

If Products Corporation is in default under the senior secured leverage ratio under the 2010 Term Loan Facility or the consolidated fixed charge coverage ratio under the 2010 Revolving Credit Facility, Products

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Corporation may cure such default by issuing certain equity securities to, or receiving capital contributions from, Revlon, Inc. and applying such cash which is deemed to increase EBITDA for the purpose of calculating the applicable ratio. This cure right may be exercised by Products Corporation two times in any four-quarter period.

Products Corporation was in compliance with all applicable covenants under the 2010 Credit Agreements upon closing the 2010 Refinancing and as of September 30, 2010. At September 30, 2010, the aggregate principal amount outstanding under the 2010 Term Loan Facility was \$796.0 million and availability under the \$140.0 million 2010 Revolving Credit Facility, based upon the calculated borrowing base less \$21.2 million of outstanding undrawn letters of credit and nil then drawn on the 2010 Revolving Credit Facility, was \$108.1 million.

**(11) Income Taxes**

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

For the third quarters of 2010 and 2009, the Company recorded a (benefit from) provision for income taxes for continuing operations of \$(0.6) million and \$2.5 million, respectively. The \$0.6 million benefit from income taxes for the third quarter of 2010, as compared to the \$2.5 million provision for income taxes for the third quarter of 2009, was primarily attributable to the favorable resolution of tax matters in the U.S. in the third quarter of 2010 and lower taxable income for taxable subsidiaries in certain jurisdictions in the third quarter of 2010, as compared to the third quarter of 2009.

For the nine-month periods ended September 30, 2010 and 2009, the Company recorded a provision for income taxes for continuing operations of \$9.2 million and \$0.3 million, respectively. The \$9.2 million provision for income taxes in the nine-month period ended September 30, 2010, as compared to the \$0.3 million provision for income taxes for the nine-month period ended September 30, 2009, was primarily attributable to the favorable resolution of tax contingencies and other tax matters in the U.S. and certain foreign jurisdictions in the nine-month period ended September 30, 2009 and higher taxable income for taxable subsidiaries in certain foreign jurisdictions in the nine-month period ended September 30, 2010, as compared to the nine-month period ended September 30, 2009.

The Company remains subject to examination of its income tax returns in various jurisdictions including, without limitation, the U.S. (federal), for tax years ended December 31, 2007 through December 31, 2009, and Australia and South Africa, for tax years ended December 31, 2006 through December 31, 2009.

**(12) Guarantor Financial Information**

Products Corporation's 93/4% Senior Secured Notes are fully and unconditionally guaranteed on a senior secured basis by Revlon, Inc. and Products Corporation's domestic subsidiaries (other than certain immaterial subsidiaries) that guarantee Products Corporation's obligations under its 2010 Credit Agreements (the Guarantor Subsidiaries).





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The following Condensed Consolidating Financial Statements present the financial information as of September 30, 2010 and December 31, 2009, and for the three and nine months ended September 30, 2010 and 2009 for (i) Products Corporation on a stand-alone basis; (ii) the Guarantor Subsidiaries on a stand-alone basis; (iii) the subsidiaries of Products Corporation that do not guarantee Products Corporation's 93/4% Senior Secured Notes (the Non-Guarantor Subsidiaries) on a stand-alone basis; and (iv) Products Corporation, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries on a consolidated basis. The Condensed Consolidating Financial Statements are presented on the equity method, under which the investments in subsidiaries are recorded at cost and adjusted for the applicable share of the subsidiary's cumulative results of operations, capital contributions, distributions and other equity changes. The principal elimination entries eliminate investments in subsidiaries and intercompany balances and transactions.

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**Consolidating Condensed Balance Sheets**  
**As of September 30, 2010**

	<b>Products</b>	<b>Guarantor</b>	<b>Non-</b>		
	<b>Corporation</b>	<b>Subsidiaries</b>	<b>Guarantor</b>	<b>Eliminations</b>	<b>Consolidated</b>
			<b>Subsidiaries</b>		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4.4	\$ 0.5	\$ 35.6	\$	\$ 40.5
Trade receivables, less allowances for doubtful accounts	71.4	16.9	84.6		172.9
Inventories	84.4	3.8	44.7		132.9
Prepaid expenses and other	74.9	4.8	28.4		108.1
Intercompany receivables	890.5	451.9	321.7	(1,664.1)	
Investment in subsidiaries	(241.8)	(210.5)		452.3	
Property, plant and equipment, net	92.7	0.8	16.0		109.5
Other assets	57.3	4.8	30.9		93.0
Goodwill, net	150.6	30.0	2.0		182.6
<b>Total assets</b>	<b>\$ 1,184.4</b>	<b>\$ 303.0</b>	<b>\$ 563.9</b>	<b>\$ (1,211.8)</b>	<b>\$ 839.5</b>
<b>LIABILITIES AND STOCKHOLDER S DEFICIENCY</b>					
Short-term borrowings	\$	\$ 3.7	\$ 2.8	\$	\$ 6.5
Current portion of long-term debt	8.0				8.0
Accounts payable	55.5	6.7	27.6		89.8
Accrued expenses and other	137.3	9.1	62.5		208.9
Intercompany payables	520.3	617.3	526.5	(1,664.1)	
Long-term debt	1,102.1				1,102.1
Long-term debt affiliates	107.0				107.0
Other long-term liabilities	197.6	13.3	49.7		260.6
<b>Total liabilities</b>	<b>2,127.8</b>	<b>650.1</b>	<b>669.1</b>	<b>(1,664.1)</b>	<b>1,782.9</b>
Stockholder s deficiency	(943.4)	(347.1)	(105.2)	452.3	(943.4)
<b>Total liabilities and stockholder s deficiency</b>	<b>\$ 1,184.4</b>	<b>\$ 303.0</b>	<b>\$ 563.9</b>	<b>\$ (1,211.8)</b>	<b>\$ 839.5</b>

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**Consolidating Condensed Balance Sheets**  
**As of December 31, 2009**

	<b>Products</b>	<b>Guarantor</b>	<b>Non-</b>		
	<b>Corporation</b>	<b>Subsidiaries</b>	<b>Guarantor</b>	<b>Eliminations</b>	<b>Consolidated</b>
			<b>Subsidiaries</b>		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 27.4	\$ 0.4	\$ 26.7	\$	\$ 54.5
Trade receivables, less allowances for doubtful accounts	81.1	15.5	85.1		181.7
Inventories	76.2	3.5	39.5		119.2
Prepaid expenses and other	60.1	4.3	26.5		90.9
Intercompany receivables	855.1	443.7	299.8	(1,598.6)	
Investment in subsidiaries	(248.1)	(215.1)		463.2	
Property, plant and equipment, net	94.3	1.1	16.3		111.7
Other assets	56.8	2.7	30.4		89.9
Goodwill, net	150.6	30.0	2.0		182.6
<b>Total assets</b>	<b>\$ 1,153.5</b>	<b>\$ 286.1</b>	<b>\$ 526.3</b>	<b>\$ (1,135.4)</b>	<b>\$ 830.5</b>
<b>LIABILITIES AND STOCKHOLDER S DEFICIENCY</b>					
Short-term borrowings	\$	\$	\$ 0.3	\$	\$ 0.3
Current portion of long-term debt	13.6				13.6
Accounts payable	55.8	5.0	21.6		82.4
Accrued expenses and other	133.2	9.5	66.2		208.9
Intercompany payables	495.1	604.6	498.9	(1,598.6)	
Long-term debt	1,127.8				1,127.8
Long-term debt affiliates	107.0				107.0
Other long-term liabilities	214.8	15.7	53.8		284.3
<b>Total liabilities</b>	<b>2,147.3</b>	<b>634.8</b>	<b>640.8</b>	<b>(1,598.6)</b>	<b>1,824.3</b>
Stockholder s deficiency	(993.8)	(348.7)	(114.5)	463.2	(993.8)
<b>Total liabilities and stockholder s deficiency</b>	<b>\$ 1,153.5</b>	<b>\$ 286.1</b>	<b>\$ 526.3</b>	<b>\$ (1,135.4)</b>	<b>\$ 830.5</b>

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**Consolidating Condensed Statement of Operations**  
**For the Three Months Ended September 30, 2010**

	<b>Products Corporation</b>	<b>Guarantor Subsidiaries</b>	<b>Non- Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
Net sales	\$ 196.7	\$ 20.5	\$ 137.9	\$ (36.1)	\$ 319.0
Cost of sales	85.4	9.2	51.9	(36.1)	110.4
Gross profit	111.3	11.3	86.0		208.6
Selling, general and administrative expenses	101.2	8.4	58.3		167.9
Operating income	10.1	2.9	27.7		40.7
Other expenses (income):					
Intercompany interest, net	0.7	(0.4)	1.3		1.6
Interest expense	22.9	0.1	0.1		23.1
Interest income			(0.1)		(0.1)
Amortization of debt issuance costs	1.1				1.1
Foreign currency (gains) losses, net	(0.3)		1.1		0.8
Miscellaneous, net	(7.0)	(3.8)	11.2		0.4
Other expenses, net	17.4	(4.1)	13.6		26.9
(Loss) income from continuing operations before income taxes	(7.3)	7.0	14.1		13.8
(Benefit from) provision for income taxes	(1.5)	0.3	0.7		(0.5)
(Loss) income from continuing operations	(5.8)	6.7	13.4		14.3
Loss from discontinued operations, net of taxes	(0.1)				(0.1)
Equity in income of subsidiaries	20.1	10.0		(30.1)	
Net income	\$ 14.2	\$ 16.7	\$ 13.4	\$ (30.1)	\$ 14.2

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**Consolidating Condensed Statement of Operations**  
**For the Three Months Ended September 30, 2009**

	<b>Products Corporation</b>	<b>Guarantor Subsidiaries</b>	<b>Non- Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
Net sales	\$ 209.1	\$ 17.4	\$ 130.3	\$ (30.6)	\$ 326.2
Cost of sales	90.6	7.9	50.0	(30.6)	117.9
Gross profit	118.5	9.5	80.3		208.3
Selling, general and administrative expenses	92.0	8.6	51.6		152.2
Restructuring costs and other, net	2.5	0.2	(0.1)		2.6
Operating income	24.0	0.7	28.8		53.5
Other expenses (income):					
Intercompany interest, net	(0.8)	(0.3)	1.1		
Interest expense	22.9		0.1		23.0
Amortization of debt issuance costs	1.4				1.4
Gain on early extinguishment of debt, net	(0.3)				(0.3)
Foreign currency (gains) losses, net	(0.2)	(0.4)	0.8		0.2
Miscellaneous, net	(5.7)	(5.1)	11.2		0.4
Other expenses (income), net	17.3	(5.8)	13.2		24.7
Income from continuing operations before income taxes	6.7	6.5	15.6		28.8
Provision for (benefit from) income taxes	2.0	(1.7)	2.2		2.5
Income from continuing operations	4.7	8.2	13.4		26.3
Equity in income of subsidiaries	21.6	10.7		(32.3)	
Net income	\$ 26.3	\$ 18.9	\$ 13.4	\$ (32.3)	\$ 26.3

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**Consolidating Condensed Statement of Operations**  
**For the Nine Months Ended September 30, 2010**

	<b>Products</b>	<b>Guarantor</b>	<b>Non-</b>		<b>Consolidated</b>
	<b>Corporation</b>	<b>Subsidiaries</b>	<b>Guarantor</b>	<b>Eliminations</b>	
Net sales	\$ 620.0	\$ 50.7	\$ 389.4	\$ (107.9)	\$ 952.2
Cost of sales	265.0	22.3	146.7	(107.9)	326.1
Gross profit	355.0	28.4	242.7		626.1
Selling, general and administrative expenses	297.2	24.8	167.2		489.2
Restructuring costs and other, net	(0.1)		(0.1)		(0.2)
Operating income	57.9	3.6	75.6		137.1
Other expenses (income):					
Intercompany interest, net	2.2	(1.0)	3.5		4.7
Interest expense	67.0	0.2	0.2		67.4
Interest income			(0.3)		(0.3)
Amortization of debt issuance costs	3.5				3.5
Loss on early extinguishment of debt, net	9.7				9.7
Foreign currency (gains) losses, net	(4.6)	(0.2)	9.5		4.7
Miscellaneous, net	(35.9)	3.6	33.5		1.2
Other expenses, net	41.9	2.6	46.4		90.9
Income from continuing operations before income taxes	16.0	1.0	29.2		46.2
(Benefit from) provision for income taxes	(2.8)	3.0	9.1		9.3
Income (loss) from continuing operations	18.8	(2.0)	20.1		36.9
Income from discontinued operations, net of taxes	0.3				0.3
Equity in income of subsidiaries	18.1	8.6		(26.7)	
Net income	\$ 37.2	\$ 6.6	\$ 20.1	\$ (26.7)	\$ 37.2

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**Consolidating Condensed Statement of Operations**  
**For the Nine Months Ended September 30, 2009**

	<b>Products</b>	<b>Guarantor</b>	<b>Non-</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>Corporation</b>	<b>Subsidiaries</b>	<b>Guarantor</b>		
			<b>Subsidiaries</b>		
Net sales	\$ 641.0	\$ 51.6	\$ 355.6	\$ (96.9)	\$ 951.3
Cost of sales	281.4	23.0	142.0	(96.9)	349.5
Gross profit	359.6	28.6	213.6		601.8
Selling, general and administrative expenses	288.8	25.3	150.9		465.0
Restructuring costs and other, net	17.1	1.1	3.2		21.4
Operating income	53.7	2.2	59.5		115.4
Other expenses (income):					
Intercompany interest, net	(2.6)	(1.2)	3.8		
Interest expense	70.9		0.2		71.1
Interest income			(0.4)		(0.4)
Amortization of debt issuance costs	4.2				4.2
Gain on early extinguishment of debt, net	(7.8)				(7.8)
Foreign currency (gains) losses, net	(1.0)	0.5	5.2		4.7
Miscellaneous, net	(33.7)	2.0	32.4		0.7
Other expenses, net	30.0	1.3	41.2		72.5
Income from continuing operations before income taxes	23.7	0.9	18.3		42.9
(Benefit from) provision for income taxes	(23.7)	22.1	2.2		0.6
Income (loss) from continuing operations	47.4	(21.2)	16.1		42.3
Income from discontinued operations, net of taxes	0.3				0.3
Equity in (loss) income of subsidiaries	(5.1)	13.9		(8.8)	
Net income (loss)	\$ 42.6	\$ (7.3)	\$ 16.1	\$ (8.8)	\$ 42.6



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**Consolidating Condensed Statement of Cash Flow**  
**For the Nine Months Ended September 30, 2010**

	<b>Products Corporation</b>	<b>Guarantor Subsidiaries</b>	<b>Non- Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Net cash provided by (used in) operating activities	\$ 45.4	\$ (2.4)	\$ 6.5	\$	\$ 49.5
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Capital expenditures	(10.5)	(0.1)	(1.4)		(12.0)
Proceeds from sales of certain assets			0.2		0.2
Net cash used in investing activities	(10.5)	(0.1)	(1.2)		(11.8)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Net (decrease) increase in short-term borrowings and overdraft	(7.9)	2.6	2.4		(2.9)
Repayments under the 2006 Term Loan Facility	(815.0)				(815.0)
Borrowings under the 2010 Term Loan Facility	786.0				786.0
Repayments of long-term debt	(4.0)				(4.0)
Payment of financing costs	(17.0)				(17.0)
Net cash (used in) provided by financing activities	(57.9)	2.6	2.4		(52.9)
Effect of exchange rate changes on cash and cash equivalents			1.2		1.2
Net (decrease) increase in cash and cash equivalents	(23.0)	0.1	8.9		(14.0)
Cash and cash equivalents at beginning of period	27.4	0.4	26.7		54.5
Cash and cash equivalents at end of period	\$ 4.4	\$ 0.5	\$ 35.6	\$	\$ 40.5



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**Consolidating Condensed Statement of Cash Flow**  
**For the Nine Months Ended September 30, 2009**

	<b>Products Corporation</b>	<b>Guarantor Subsidiaries</b>	<b>Non- Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Net cash provided by (used in) operating activities	\$ 72.8	\$ (1.7)	\$ 1.9	\$	\$ 73.0
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Capital expenditures	(8.7)	(0.1)	(2.1)		(10.9)
Proceeds from sales of certain assets			2.3		2.3
Net cash (used in) provided by investing activities	(8.7)	(0.1)	0.2		(8.6)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Net (decrease) increase in short-term borrowings and overdraft	(8.2)	0.7	0.4		(7.1)
Repayments under the 2006 Term Loan Facility	(18.7)				(18.7)
Repayments of long-term debt	(31.0)		(0.2)		(31.2)
Net cash (used in) provided by financing activities	(57.9)	0.7	0.2		(57.0)
Net cash provided by discontinued operations	0.2				0.2
Effect of exchange rate changes on cash and cash equivalents		0.2	1.9		2.1
Net increase (decrease) in cash and cash equivalents	6.4	(0.9)	4.2		9.7
Cash and cash equivalents at beginning of period	18.7	1.0	33.1		52.8
Cash and cash equivalents at end of period	\$ 25.1	\$ 0.1	\$ 37.3	\$	\$ 62.5



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**Item 2. 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 (Products Corporation) and its subsidiaries. Revlon, Inc. is a direct and indirect majority-owned subsidiary of MacAndrews & Forbes Holdings Inc. (MacAndrews & Forbes Holdings and together with certain of its affiliates other than the Company, MacAndrews & Forbes), a corporation wholly owned by Ronald O. Perelman.

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

The Company's products are sold worldwide and marketed under such brand names as **Revlon**, including the **Revlon ColorStay**, **Revlon 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** women's hair color; **Revlon** in beauty tools; **Mitchum** anti-perspirant deodorants; **Charlie** and **Jean Naté** in fragrances; and **Ultima II** and **Gatineau** in skincare.

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

The Company was founded by Charles Revson, who revolutionized the cosmetics industry by introducing nail enamels matched to lipsticks in fashion colors 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-perspirant deodorants. The Company also has leading market positions in several product categories in certain foreign countries, including Australia, Canada and South Africa.

Effective for periods beginning January 1, 2010, the Company is reporting Canada separately (previously Canada was included in the Europe region) and is reporting South Africa as part of the Europe, Middle East and Africa region (previously South Africa was included in the Asia Pacific region). As a result, prior year amounts have been

reclassified to conform to this presentation.

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

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

1. ***Building our strong brands.*** We continue to build our strong brands by focusing on innovative, high-quality, consumer-preferred brand offering; effective consumer brand communication; appropriate levels of advertising and promotion; and superb execution with our retail partners.
2. ***Developing our organizational capability.*** We continue to develop our organizational capability through attracting, retaining and rewarding highly capable people and through performance management, development planning, succession planning and training.
3. ***Driving our company to act globally.*** We continue to drive common global processes which are designed to provide the most efficient allocation of our resources.
4. ***Increasing our operating profit and cash flow.*** We continue to focus on increasing our operating profit and cash flow.
5. ***Improving our capital structure.*** We continue to improve our capital structure by focusing on strengthening our balance sheet and reducing debt.

***Overview of Net Sales and Earnings Results***

Consolidated net sales in the third quarter of 2010 were \$319.0 million, a decrease of \$7.2 million, or 2.2%, compared to \$326.2 million in the third quarter of 2009. Consolidated net sales for the nine-month period ended September 30, 2010 were \$952.2 million, an increase of \$0.9 million, or 0.1%, compared to \$951.3 million for the nine-month period ended September 30, 2009. Excluding the unfavorable impact of foreign currency fluctuations of \$5.8 million, consolidated net sales in the third quarter of 2010 were essentially unchanged from the third quarter of 2009, as lower net sales in the U.S. were largely offset by higher net sales in the Company's Latin America and Europe, Middle East and Africa regions. Net sales in the Company's Canada and Asia Pacific regions in the third quarter of 2010 were essentially unchanged from the third quarter of 2009. Excluding the favorable impact of foreign currency fluctuations of \$2.7 million, consolidated net sales in the nine-month period ended September 30, 2010 were essentially unchanged from the nine-month period ended September 30, 2009, as lower net sales in the U.S. and the Company's Asia Pacific region were largely offset by higher net sales in the Company's Latin America and Europe, Middle East and Africa regions. Net sales in the Company's Canada region in the nine-month period ended September 30, 2010 were essentially unchanged from the nine-month period ended September 30, 2009.

Consolidated net income for the third quarter of 2010 was \$12.5 million, compared to \$23.1 million in the third quarter of 2009. The decline in consolidated net income in the third quarter of 2010, compared to the third quarter of 2009, was primarily due to \$13.9 million of higher SG&A expenses, driven primarily by \$16.3 million of higher advertising expenses to support the Company's brands. In the nine-month period ended September 30, 2010, consolidated net income was \$31.1 million, compared to \$36.0 million in the nine-month period ended September 30,

2009. The decline in consolidated net income in the nine-month period ended September 30, 2010 compared to the nine-month period ended September 30, 2009 was primarily due to:

\$22.4 million of higher SG&A expenses, driven primarily by \$27.6 million of higher advertising expenses to support the Company's brands;

a \$9.7 million loss on the early extinguishment of debt in connection with the 2010 Refinancing (as defined below) in the nine months ended September 30, 2010, as compared to the \$7.8 million gain



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on the early extinguishment of debt related to repurchases of the Company's 9 1/2% Senior Notes (prior to their complete refinancing in November 2009 with the 9 3/4% Senior Secured Notes) in the nine-month period ended September 30, 2009; and

a \$9.2 million provision for income taxes in the nine-month period ended September 30, 2010, as compared to a \$0.3 million provision for income taxes in the nine-month period ended September 30, 2009;

with the foregoing partially offset by:

\$24.3 million of higher gross profit primarily due to a \$23.4 million improvement in cost of sales; and

\$21.6 million of lower restructuring costs and other, net.

***Overview of Financing Activities***

**Refinancing of the 2006 Term Loan and Revolving Credit Facilities:** In March 2010, Products Corporation consummated a credit agreement refinancing (the 2010 Refinancing) consisting of the following transactions:

The 2010 Refinancing included refinancing Products Corporation's term loan facility, which was scheduled to mature on January 15, 2012 and had \$815.0 million aggregate principal amount outstanding at December 31, 2009 (the 2006 Term Loan Facility), with a 5-year, \$800.0 million term loan facility due March 11, 2015 (the 2010 Term Loan Facility) under a second amended and restated term loan agreement dated March 11, 2010 (the 2010 Term Loan Agreement), among Products Corporation, as borrower, the lenders party thereto, Citigroup Global Markets Inc. (CGMI), J.P. Morgan Securities Inc. (JPM Securities), Banc of America Securities LLC (BAS) and Credit Suisse Securities (USA) LLC (Credit Suisse), as joint lead arrangers, CGMI, JPM Securities, BAS, Credit Suisse and Natixis, New York Branch (Natixis), as joint bookrunners, JPMorgan Chase Bank, N.A. and Bank of America, N.A. as co-syndication agents, Credit Suisse and Natixis as co-documentation agents, and Citicorp USA, Inc. (CUSA), as administrative agent and collateral agent.

The 2010 Refinancing also included refinancing Products Corporation's 2006 revolving credit facility, which was scheduled to mature on January 15, 2012 and had nil outstanding borrowings at December 31, 2009, with a 4-year, \$140.0 million asset-based, multi-currency revolving credit facility due March 11, 2014 (the 2010 Revolving Credit Facility) and, together with the 2010 Term Loan Facility, the 2010 Credit Facilities) under a second amended and restated revolving credit agreement dated March 11, 2010 (the 2010 Revolving Credit Agreement) and, together with the 2010 Term Loan Agreement, the 2010 Credit Agreements), among Products Corporation, as borrower, the lenders party thereto, CGMI and Wells Fargo Capital Finance, LLC (WFS), as joint lead arrangers, CGMI, WFS, BAS, JPM Securities and Credit Suisse, as joint bookrunners, and CUSA, as administrative agent and collateral agent.

Products Corporation used the approximately \$786 million of proceeds from the 2010 Term Loan Facility, which was drawn in full on the March 11, 2010 closing date and issued to lenders at 98.25% of par, plus approximately \$31 million of available cash and approximately \$20 million then drawn on the 2010 Revolving Credit Facility to refinance in full the \$815.0 million of outstanding indebtedness under the 2006 Term Loan Facility and to pay approximately \$7 million of accrued interest and approximately \$15 million of fees and expenses incurred in

connection with consummating the 2010 Refinancing, of which approximately \$9 million was capitalized.

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**Results of Operations**

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

*Net sales:**Third quarter results*

Consolidated net sales in the third quarter of 2010 were \$319.0 million, a decrease of \$7.2 million, or 2.2%, compared to \$326.2 million in the third quarter of 2009. Excluding the unfavorable impact of foreign currency fluctuations of \$5.8 million, consolidated net sales in the third quarter of 2010 were essentially unchanged from the third quarter of 2009, as lower net sales of **Revlon** and **Almay** color cosmetics were largely offset by higher net sales of **Revlon ColorSilk** hair color and fragrances.

*Year-to-date results*

Consolidated net sales in the nine-month period ended September 30, 2010 were \$952.2 million, an increase of \$0.9 million, or 0.1%, compared to \$951.3 million in the nine-month period ended September 30, 2009. Excluding the favorable impact of foreign currency fluctuations of \$2.7 million, consolidated net sales in the nine-month period ended September 30, 2010 were essentially unchanged from the nine-month period ended September 30, 2009, as lower net sales of **Almay** color cosmetics, due to the cycling of the 2009 launch of **Almay Pure Blends**, and lower net sales of **Mitchum** anti-perspirant deodorant, were largely offset by higher net sales of **Revlon ColorSilk** hair color, fragrances and **Revlon** color cosmetics.

	<b>Three Months Ended</b>		<b>Change</b>		<b>AFX Change<sup>(a)</sup></b>	
	<b>September 30, 2010</b>	<b>2009</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>
United States	\$ 166.7	\$ 183.7	\$ (17.0)	(9.3)%	\$ (17.0)	(9.3)%
Asia Pacific	54.5	51.7	2.8	5.4	0.1	0.2
Europe, Middle East and Africa	50.6	44.6	6.0	13.5	6.6	14.8
Latin America	29.3	29.0	0.3	1.0	9.2	31.7
Canada	17.9	17.2	0.7	4.1	(0.3)	(1.7)
Total Net Sales	\$ 319.0	\$ 326.2	\$ (7.2)	(2.2)%	\$ (1.4)	(0.4)%

	<b>Nine Months Ended</b>		<b>Change</b>		<b>AFX Change<sup>(a)</sup></b>	
	<b>September 30, 2010</b>	<b>2009</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>

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United States	\$ 528.1	\$ 560.9	\$ (32.8)	(5.8)%	\$ (32.8)	(5.8)%
Asia Pacific	149.1	138.8	10.3	7.4	(1.5)	(1.1)
Europe, Middle East and Africa	143.7	128.5	15.2	11.8	8.1	6.3
Latin America	78.0	75.7	2.3	3.0	24.1	31.8
Canada	53.3	47.4	5.9	12.4	0.3	0.6
Total Net Sales	\$ 952.2	\$ 951.3	\$ 0.9	0.1%	\$ (1.8)	(0.2)%

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

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*United States*

*Third quarter results*

In the U.S., net sales in the third quarter of 2010 were \$166.7 million, a decrease of \$17.0 million, or 9.3%, compared to \$183.7 million in the third quarter of 2009, primarily driven by lower net sales of **Revlon** and **Almay** color cosmetics.

*Year-to-date results*

In the U.S., net sales in the nine-month period ended September 30, 2010 were \$528.1 million, a decrease of \$32.8 million, or 5.8%, compared to \$560.9 million in the nine-month period ended September 30, 2009, primarily driven by lower net sales of **Almay** color cosmetics and **Revlon** beauty tools, due to the cycling of the 2009 launches of **Almay Pure Blends** and **Revlon Pedi-Expert**, respectively, and lower net sales of **Revlon** color cosmetics and **Mitchum** anti-perspirant deodorant.

*Asia Pacific*

*Third quarter results*

In Asia Pacific, net sales in the third quarter of 2010 increased 5.4% to \$54.5 million, compared to \$51.7 million in the third quarter of 2009. Excluding the favorable impact of foreign currency fluctuations, net sales in the third quarter of 2010 were essentially unchanged from the third quarter of 2009. From a country perspective, higher net sales in certain distributor markets, Hong Kong and the Company's duty-free businesses (which together contributed approximately 5.8 percentage points to the increase in the region's net sales in the third quarter of 2010, as compared with the third quarter of 2009) were partially offset by lower net sales in Australia (which offset by approximately 5.2 percentage points the increase in the region's net sales in the third quarter of 2010, as compared with the third quarter of 2009).

*Year-to-date results*

In Asia Pacific, net sales in the nine-month period ended September 30, 2010 increased 7.4% to \$149.1 million, compared to \$138.8 million in the nine-month period ended September 30, 2009. Excluding the favorable impact of foreign currency fluctuations, net sales decreased \$1.5 million, or 1.1%, in the nine-month period ended September 30, 2010, primarily driven by lower net sales of **Revlon** color cosmetics, partially offset by higher net sales of **Revlon ColorSilk** hair color. From a country perspective, lower net sales in Australia (which contributed approximately 4.6 percentage points to the decrease in the region's net sales in the nine-month period ended September 30, 2010, as compared with the nine-month period ended September 30, 2009) were partially offset by higher net sales in the Company's duty-free businesses, certain distributor markets and China (which together offset by approximately 3.5 percentage points the decrease in the region's net sales in the nine-month period ended September 30, 2010, as compared with the nine-month period ended September 30, 2009).

*Europe, Middle East and Africa*

*Third quarter results*

In Europe, the Middle East and Africa, net sales in the third quarter of 2010 increased 13.5% to \$50.6 million, compared to \$44.6 million in the third quarter of 2009. Excluding the unfavorable impact of foreign currency fluctuations, net sales increased \$6.6 million, or 14.8%, in the third quarter of 2010, primarily driven by higher net sales of fragrances, **Revlon** color cosmetics and other beauty care products. From a country

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perspective, higher net sales in the U.K. and South Africa contributed approximately 13.4 percentage points to the increase in the region's net sales in the third quarter of 2010, as compared to the third quarter of 2009.

*Year-to-date results*

In Europe, the Middle East and Africa, net sales in the nine-month period ended September 30, 2010 increased 11.8% to \$143.7 million, compared to \$128.5 million in the nine-month period ended September 30, 2009. Excluding the favorable impact of foreign currency fluctuations, net sales increased \$8.1 million, or 6.3%, in the nine-month period ended September 30, 2010, primarily driven by higher net sales of fragrances, **Revlon** color cosmetics and **Almay** color cosmetics. From a country perspective, higher net sales in South Africa and the U.K. contributed approximately 5.3 percentage points to the increase in the region's net sales in the nine-month period ended September 30, 2010, as compared to the nine-month period ended September 30, 2009.

*Latin America*

*Third quarter results*

In Latin America, net sales in the third quarter of 2010 increased 1.0% to \$29.3 million, compared to \$29.0 million in the third quarter of 2009. Excluding the unfavorable impact of foreign currency fluctuations (including the unfavorable impact of the January 2010 devaluation of Venezuela's local currency relative to the U.S. dollar), net sales increased \$9.2 million, or 31.7%, in the third quarter of 2010, primarily driven by higher net sales of **Revlon** color cosmetics, **Revlon ColorSilk** hair color and other beauty care products. From a country perspective, higher net sales in Venezuela and certain distributor markets contributed approximately 26.5 percentage points to the increase in the region's net sales in the third quarter of 2010, as compared to the third quarter of 2009. Higher selling prices in Venezuela, as a result of market conditions and inflation, accounted for approximately half of the \$9.2 million increase in net sales in the region.

*Year-to-date results*

In Latin America, net sales in the nine-month period ended September 30, 2010 increased 3.0% to \$78.0 million, compared to \$75.7 million in the nine-month period ended September 30, 2009. Excluding the unfavorable impact of foreign currency fluctuations (including the unfavorable impact of the January 2010 devaluation of Venezuela's local currency relative to the U.S. dollar), net sales increased \$24.1 million, or 31.8%, in the nine-month period ended September 30, 2010, primarily driven by higher net sales of **Revlon ColorSilk** hair color, **Revlon** color cosmetics and other beauty care products. From a country perspective, higher net sales in Venezuela and certain distributor markets contributed approximately 26.0 percentage points to the increase in the region's net sales in the nine-month period ended September 30, 2010, as compared to the nine-month period ended September 30, 2009. Higher selling prices in Venezuela, as a result of market conditions and inflation, accounted for approximately half of the \$24.1 million increase in net sales in the region.

*Canada*

*Third quarter results*

In Canada, net sales in the third quarter of 2010 were \$17.9 million, an increase of \$0.7 million, or 4.1%, compared to \$17.2 million in the third quarter of 2009. Excluding the favorable impact of foreign currency fluctuations, net sales in the third quarter of 2010 were essentially unchanged from the third quarter of 2009.



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*Year-to-date results*

In Canada, net sales in the nine-month period ended September 30, 2010 were \$53.3 million, an increase of \$5.9 million, or 12.4%, compared to \$47.4 million in the nine-month period ended September 30, 2009. Excluding the favorable impact of foreign currency fluctuations, net sales in the nine-month period ended September 30, 2010 were essentially unchanged from the nine-month period ended September 30, 2009.

*Gross profit:*

	<b>Three Months Ended</b>			<b>Nine Months Ended</b>		
	<b>September 30,</b>			<b>September 30,</b>		
	<b>2010</b>	<b>2009</b>	<b>Change</b>	<b>2010</b>	<b>2009</b>	<b>Change</b>
Gross profit	\$ 208.6	\$ 208.3	\$ 0.3	\$ 626.1	\$ 601.8	\$ 24.3
<i>Percentage of net sales</i>	<i>65.4%</i>	<i>63.9%</i>	<i>1.5%</i>	<i>65.8%</i>	<i>63.3%</i>	<i>2.5%</i>

The 1.5 percentage point increase in gross profit as a percentage of net sales for the third quarter of 2010, compared to the third quarter of 2009, was primarily due to:

lower costs related to inventory obsolescence and sales returns, which increased gross profit as a percentage of net sales by 0.9 percentage points;

lower material costs as a result of purchasing initiatives and savings as a result of the May 2009 Program (as hereinafter defined), which increased gross profit as a percentage of net sales by 0.8 percentage points;

lower net pension and profit sharing expenses within cost of goods of \$1.7 million, which increased gross profit as a percentage of net sales by 0.5 percentage points; and

lower allowances on color cosmetics, which increased gross profit as a percentage of net sales by 0.5 percentage points;

with the foregoing partially offset by:

the unfavorable impact of product mix, which reduced gross profit as a percentage of net sales by 0.7 percentage points.

The 2.5 percentage point increase in gross profit as a percentage of net sales for the nine-month period ended September 30, 2010, compared to the nine-month period ended September 30, 2009, was primarily due to:

lower costs related to inventory obsolescence and sales returns, which increased gross profit as a percentage of net sales by 1.2 percentage points;

lower material costs as a result of purchasing initiatives and savings as a result of the May 2009 Program, which increased gross profit as a percentage of net sales by 1.2 percentage points;

lower allowances on color cosmetics, which increased gross profit as a percentage of net sales by 0.6 percentage points; and

favorable foreign currency fluctuations which resulted in lower cost of goods in most international markets on goods purchased from the Company's facility in Oxford, North Carolina, which increased gross profit as a percentage of net sales by 0.5 percentage points;

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with the foregoing partially offset by:

the unfavorable impact of product mix, which reduced gross profit as a percentage of net sales by 0.5 percentage points.

***SG&A expenses:***

	<b>Three Months Ended</b>			<b>Nine Months Ended</b>		
	<b>September 30,</b>		<b>Change</b>	<b>September 30,</b>		<b>Change</b>
	<b>2010</b>	<b>2009</b>		<b>2010</b>	<b>2009</b>	
SG&A expenses	\$169.3	\$155.4	\$(13.9)	\$494.3	\$471.9	\$(22.4)

The \$13.9 million increase in SG&A expenses for the third quarter of 2010, as compared to the third quarter of 2009, was driven primarily by \$16.3 million of higher advertising expenses to support the Company's brands, which is consistent with the Company's business strategy to build its strong brands. The Company increased media pressure while benefitting from lower advertising rates in the third quarter of 2010, as compared to the third quarter of 2009. The higher advertising expenses were partially offset by favorable foreign currency fluctuations and lower pension expenses.

The \$22.4 million increase in SG&A expenses for the nine-month period ended September 30, 2010, as compared to the nine-month period ended September 30, 2009, was driven primarily by \$27.6 million of higher advertising expenses to support the Company's brands, as well as higher compensation expenses, partially offset by savings as a result of the May 2009 Program, lower pension expenses and lower permanent display amortization. The Company increased media pressure while benefitting from lower advertising rates in the nine-month period ended September 30, 2010, as compared to the nine-month period ended September 30, 2009.

***Restructuring costs and other, net:***

	<b>Three Months Ended</b>			<b>Nine Months Ended</b>		
	<b>September 30,</b>		<b>Change</b>	<b>September 30,</b>		<b>Change</b>
	<b>2010</b>	<b>2009</b>		<b>2010</b>	<b>2009</b>	
Restructuring costs and other, net	\$	\$2.6	\$2.6	\$(0.2)	\$21.4	\$21.6

In May 2009, the Company announced a worldwide restructuring (the May 2009 Program), which involved consolidating certain functions; reducing layers of management, where appropriate, to increase accountability and effectiveness; streamlining support functions to reflect the new organizational structure; and further consolidating the Company's office facilities in New Jersey.

The \$20.6 million of charges related to the May 2009 Program have been or will be paid out as follows: \$11.0 million paid in 2009, \$7.0 million expected to be paid in 2010 (of which \$6.0 million was paid during the nine-month period ended September 30, 2010) and the balance of \$2.6 million is expected to be paid thereafter. The May 2009 Program delivered savings of approximately \$15 million in 2009 and the Company expects annualized savings of approximately \$30 million in 2010 and thereafter (inclusive of the approximately \$15 million in 2009).

During the nine-month period ended September 30, 2010 a \$0.2 million adjustment was recorded to restructuring costs and other, net to reflect lower than originally anticipated expenses associated with the May 2009 Program.

During the third quarter of 2009, the Company recorded charges of \$2.6 million in restructuring costs and other, net for lease and equipment write-offs related to the May 2009 Program.

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During the nine-month period ended September 30, 2009, the Company recorded charges of \$21.4 million in restructuring costs and other, net, which are comprised of:

a \$20.8 million charge related to the May 2009 Program;

\$1.2 million of charges related to employee severance and other employee-related termination costs related to restructuring actions in the U.K., Mexico and Argentina announced in the first quarter of 2009; and

a \$1.0 million charge related to the 2008 Programs (as defined in Note 3, Restructuring Costs and Other, Net, to the Consolidated Financial Statements in Revlon, Inc.'s 2009 Form 10-K);

with the foregoing partially offset by

income of \$1.6 million related to the sale of a facility in Argentina in the first quarter of 2009.

**Interest expense:**

	<b>Three Months Ended September 30,</b>			<b>Nine Months Ended September 30,</b>		
	<b>2010</b>	<b>2009</b>	<b>Change</b>	<b>2010</b>	<b>2009</b>	<b>Change</b>
Interest expense	\$ 23.1	\$ 23.0	\$ (0.1)	\$ 67.4	\$ 71.1	\$ 3.7
Interest expense preferred stock dividend	1.6		(1.6)	4.8		(4.8)

The \$0.1 million increase in interest expense for the third quarter of 2010, as compared to the third quarter of 2009, was due to higher weighted average borrowing rates, offset by lower debt levels.

The \$3.7 million decrease in interest expense for the nine-month period ended September 30, 2010, as compared to the nine-month period ended September 30, 2009, was primarily due to lower debt levels, partially offset by higher weighted average borrowing rates. Interest expense throughout the remainder of 2010 will continue to be impacted by higher weighted average borrowing rates primarily as a result of the 2010 Refinancing.

In accordance with the terms of the certificate of designation of the Preferred Stock, on July 8, 2010, Revlon, Inc. paid to holders of record of the Preferred Stock at the close of business on June 25, 2010 the Regular Dividend in the amount of \$0.165614 per share, or \$1.5 million in the aggregate, for the period from April 8, 2010 through July 8, 2010. In addition, on October 8, 2010, Revlon, Inc. paid to holders of record of the Preferred Stock at the close of business on September 30, 2010 the Regular Dividend in the amount of \$0.167434 per share, or \$1.6 million in the aggregate, for the period from July 8, 2010 through October 8, 2010.

**(Gain) loss on early extinguishment of debt, net:**

	<b>Three Months Ended September 30, 2010</b>			<b>Nine Months Ended September 30, 2009</b>		
			<b>Change</b>			<b>Change</b>
(Gain) loss on early extinguishment of debt, net	\$	\$ (0.3)	\$ (0.3)	\$ 9.7	\$ (7.8)	\$ (17.5)

As a result of the 2010 Refinancing, the Company recognized a loss on the extinguishment of debt of \$9.7 million during the first half of 2010, primarily due to \$5.9 million of fees and expenses which were expensed as incurred in connection with the 2010 Refinancing, as well as the write-off of \$3.8 million of unamortized deferred financing fees in connection with such refinancing.

In the third quarter of 2009, Products Corporation used \$8.2 million to repurchase an aggregate principal amount of \$8.6 million of its 9 1/2% Senior Notes (prior to their complete refinancing in November

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2009 with the 93/4% Senior Secured Notes), and paid an additional \$0.4 million of accrued and unpaid interest and fees through the respective dates of the repurchases. In the first nine months of 2009, Products Corporation used \$31.0 million to repurchase an aggregate principal amount of \$39.5 million of its 91/2% Senior Notes (prior to their complete refinancing in November 2009 with the 93/4% Senior Secured Notes) and paid an additional \$1.7 million of accrued and unpaid interest and fees through the respective dates of the repurchases. As a result of these 2009 repurchases, the Company recorded a gain of \$0.3 million during the third quarter of 2009 and a gain of \$7.8 million during the first nine months of 2009, which are net of the write-off of the ratable portion of unamortized debt discounts and deferred financing fees.

**Foreign currency losses:**

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2010	2009	Change	2010	2009	Change
Foreign currency losses	\$ 0.8	\$ 0.2	\$ (0.6)	\$ 4.7	\$ 4.7	\$

The \$0.6 million increase in foreign currency losses during the third quarter of 2010, as compared to the third quarter of 2009, was primarily driven by higher foreign currency losses related to the Company's outstanding foreign currency forward exchange contracts ( FX Contracts ) for the third quarter of 2010, as compared to foreign currency losses related to the Company's FX Contracts for the third quarter of 2009.

The foreign currency losses during the nine-month period ended September 30, 2010 included a \$2.8 million one-time foreign currency loss related to the required re-measurement of the balance sheet of the Company's subsidiary in Venezuela ( Revlon Venezuela ) during the first quarter of 2010 to reflect the impact of the devaluation of Venezuela's local currency relative to the U.S. dollar, as Venezuela has been designated as a highly inflationary economy effective January 1, 2010 (see Financial Condition, Liquidity and Capital Resources Impact of Foreign Currency Translation Venezuela ). In addition, foreign currency losses during the nine-month period ended September 30, 2010 were driven by \$1.5 million of foreign currency losses related to the Company's outstanding FX Contracts.

The foreign currency losses during the nine-month period ended September 30, 2009 were primarily driven by \$5.1 million of foreign currency losses related to the Company's outstanding FX Contracts.

**(Benefit from) provision for income taxes:**

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2010	2009	Change	2010	2009	Change
(Benefit from) provision for income taxes	\$ (0.6)	\$ 2.5	\$ 3.1	\$ 9.2	\$ 0.3	\$ (8.9)

The \$0.6 million benefit from income taxes for the third quarter of 2010, as compared to the \$2.5 million provision for income taxes for the third quarter of 2009, was primarily attributable to the favorable resolution of tax matters in the U.S. in the third quarter of 2010 and lower taxable income for taxable subsidiaries in certain jurisdictions in the third quarter of 2010, as compared to the third quarter of 2009.

The \$9.2 million provision for income taxes in the nine-month period ended September 30, 2010, as compared to the \$0.3 million provision for income taxes for the nine-month period ended September 30, 2009, was primarily attributable to the favorable resolution of tax contingencies and other tax matters in the U.S. and certain foreign jurisdictions in the nine-month period ended September 30, 2009 and higher taxable income for taxable subsidiaries in certain foreign jurisdictions in the nine-month period ended September 30, 2010, as compared to the nine-month period ended September 30, 2009.



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The Company has previously disclosed the details of its deferred tax assets, including the amount of its domestic tax loss carryforwards, the expiration dates thereof and the valuation allowance related to its deferred tax assets. (See Note 12, *Income Taxes*, to the Consolidated Financial Statements in Revlon, Inc.'s 2009 Form 10-K for further details regarding the Company's deferred tax assets.) In assessing the recoverability of its deferred tax assets, management regularly 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 accordance with the *Income Taxes Topic* of the FASB Accounting Standards Codification (the *Income Taxes Topic*). The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. At December 31, 2009, the Company's net U.S. deferred tax assets were approximately \$300 million, which were fully reserved at such date.

In accordance with the *Income Taxes Topic*, based upon the level of historical taxable losses for the U.S., the Company has maintained a deferred tax valuation allowance against its deferred tax assets in the U.S. through September 30, 2010. For 2008 and 2009, however, the Company has experienced continued improved earnings trends and has had cumulative taxable income in the U.S. The nine-month period ended September 30, 2010 has continued with positive earnings. If such earnings trends and our tax position continue, and based upon current expectations for future taxable income in the U.S., the Company is likely to realize the benefits of all or a significant portion of its net U.S. deferred tax assets in the near term, perhaps as early as the fourth quarter of 2010. The Company would realize this non-cash benefit through a reduction in its deferred tax valuation allowance, which would be primarily reflected in the tax provision and would benefit net income in the period of such reduction. If such a reduction were to occur, the Company expects that, beginning with the first quarter after such reduction, the tax provision would reflect a higher effective tax rate. However, any such increase in the effective tax rate would not affect the Company's cash taxes paid until the domestic tax loss carryforwards were fully utilized.

**Financial Condition, Liquidity and Capital Resources**

At September 30, 2010, the Company had a liquidity position (excluding cash in compensating balance accounts) of \$140.2 million, consisting of cash and cash equivalents (net of any outstanding checks) of \$32.1 million, as well as \$108.1 million in available borrowings under the 2010 Revolving Credit Facility.

***Cash Flows***

At September 30, 2010, the Company had cash and cash equivalents of \$40.5 million, compared with \$62.5 million at September 30, 2009. The following table summarizes the Company's cash flows from operating, investing and financing activities for the nine-month periods ended September 30, 2010 and September 30, 2009, respectively:

	<b>Nine Months Ended</b>	
	<b>September 30,</b>	
	<b>2010</b>	<b>2009</b>
Net cash provided by operating activities	\$ 50.0	\$ 77.2

Net cash used in investing activities	11.8	8.6
Net cash used in financing activities	53.4	61.2

*Operating Activities*

Net cash provided by operating activities in the nine-month period ended September 30, 2010 was \$50.0 million, as compared to \$77.2 million in the nine-month period ended September 30, 2009. As

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compared to the nine-month period ended September 30, 2009, cash flow in the nine-month period ended September 30, 2010 was impacted by unfavorable changes in working capital, primarily inventory, partially offset by higher operating income during the 2010 period.

*Investing Activities*

Net cash used in investing activities was \$11.8 million and \$8.6 million for the nine-month periods ended September 30, 2010 and 2009, respectively. Net cash used in investing activities for the nine-month period ended September 30, 2010 included \$12.0 million of cash used for capital expenditures. Net cash used in investing activities for the nine-month period ended September 30, 2009 included \$10.9 million of cash used for capital expenditures, partially offset by cash provided by investing activities of \$2.3 million from the net proceeds from the sale of certain assets.

*Financing Activities*

Net cash used in financing activities was \$53.4 million and \$61.2 million for the nine-month periods ended September 30, 2010 and 2009, respectively. Net cash used in financing activities for the nine-month period ended September 30, 2010 included cash used for repayment of the \$815.0 million remaining aggregate principal amount of Products Corporation's 2006 Term Loan Facility, partially offset by cash provided by Products Corporation's issuance of the \$800.0 million aggregate principal amount of the 2010 Term Loan Facility, or \$786.0 million, net of discounts. In addition, the Company made an aggregate \$4.0 million of scheduled amortization payments on the 2010 Term Loan Facility in the nine-month period ended September 30, 2010. Net cash used in financing activities for the nine-month period ended September 30, 2010 also included payment of financing costs of \$17.5 million, which is comprised of (i) the payment of \$15.3 million of fees incurred in connection with the 2010 Refinancing; (ii) the payment of \$1.7 million of the \$25.1 million of fees incurred in connection with the refinancing of Product Corporation's 9 1/2% Senior Notes in November 2009 with the 9 3/4% Senior Secured Notes due November 2015; and (iii) the payment of the remaining balance of \$0.5 million of the \$6.7 million of fees incurred in connection with Revlon, Inc.'s consummation of the voluntary exchange offer in October 2009.

Net cash used in financing activities for the nine-month period ended September 30, 2009 includes debt reduction payments of \$49.9 million, which is primarily comprised of the repurchases of \$39.5 million in aggregate principal amount of Products Corporation's 9 1/2% Senior Notes (prior to their complete refinancing in November 2009 with the 9 3/4% Senior Secured Notes) at an aggregate purchase price of \$31.0 million, plus an additional \$1.7 million of accrued and unpaid interest and fees through the respective dates of the repurchases, the repayment of \$18.7 million in principal amount of Products Corporation's 2006 Term Loan Facility (prior to its complete refinancing in March 2010 with the 2010 Term Loan Facility), and the payment of \$4.2 million of the \$6.7 million of fees incurred in connection with Revlon, Inc.'s consummation of the voluntary exchange offer in October 2009.

*Long-Term Debt Instruments*

For further detail regarding Products Corporation's long-term debt instruments, see Note 9, Long-Term Debt and Redeemable Preferred Stock, to the Consolidated Financial Statements in Revlon, Inc.'s 2009 Form 10-K.

***2010 Bank Credit Agreements***

In March 2010, Products Corporation consummated the 2010 Refinancing, which included refinancing its 2006 Term Loan Facility with the 2010 Term Loan Facility and Products Corporation's 2006 Revolving Credit Facility with the 2010 Revolving Credit Facility.

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**2010 Revolving Credit Facility**

Availability under the 2010 Revolving Credit Facility varies based on a borrowing base that is determined by the value of eligible accounts receivable and eligible inventory in the U.S. and the U.K. and eligible real property and equipment in the U.S. from time to time.

In each case subject to borrowing base availability, the 2010 Revolving Credit Facility is available to:

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

If the value of the eligible assets is not sufficient to support the \$140.0 million borrowing base under the 2010 Revolving Credit Facility, Products Corporation will not have full access to the 2010 Revolving Credit Facility. Products Corporation's ability to make borrowings under the 2010 Revolving Credit Facility is also conditioned upon the satisfaction of certain conditions precedent and Products Corporation's compliance with other covenants in the 2010 Revolving Credit Agreement.

Borrowings under the 2010 Revolving Credit Facility bear interest at a rate equal to, at Products Corporation's option, either (i) the Eurodollar Rate plus 3.00% per annum or (ii) the Alternate Base Rate plus 2.00% per annum.

Prior to the termination date of the 2010 Revolving Credit Facility, revolving loans are required to be prepaid (without any permanent reduction in commitment) with:

- (i) the net cash proceeds from sales of Revolving Credit First Lien Collateral (as defined below) by Products Corporation or any of its subsidiary guarantors (other than dispositions in the ordinary course of business and certain other exceptions); and
- (ii) the net proceeds from the issuance by Products Corporation or any of its subsidiaries of certain additional debt, to the extent there remains any such proceeds after satisfying Products Corporation's repayment obligations under the 2010 Term Loan Facility.

Products Corporation pays to the lenders under the 2010 Revolving Credit Facility a commitment fee of 0.75% of the average daily unused portion of the 2010 Revolving Credit Facility, which fee is payable quarterly in arrears. Under the 2010 Revolving Credit Facility, Products Corporation also pays:

(i) to foreign lenders a fronting fee of 0.25% per annum on the aggregate principal amount of specified Local Loans (as defined in the 2010 Revolving Credit Agreement) (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 (as defined in the 2010 Revolving Credit Agreement) for revolving credit loans that are Eurodollar Rate (as defined in the 2010 Revolving Credit Agreement) loans (adjusted for the term

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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.

Under certain circumstances, Products Corporation will have the right to request that the 2010 Revolving Credit Facility be increased by up to \$60.0 million, provided that the lenders are not committed to provide any such increase.

Under certain circumstances if and when the difference between (i) the borrowing base under the 2010 Revolving Credit Facility and (ii) the amounts outstanding under the 2010 Revolving Credit Facility is less than \$20.0 million for a period of two consecutive days or more, and until such difference is equal to or greater than \$20.0 million for a period of 30 consecutive business days, the 2010 Revolving Credit Facility requires Products Corporation to maintain a consolidated fixed charge coverage ratio (the ratio of EBITDA minus Capital Expenditures to Cash Interest Expense for such period, as each such term is defined in the 2010 Revolving Credit Facility) of 1.0 to 1.0.

The 2010 Revolving Credit Facility matures on March 11, 2014.

**2010 Term Loan Facility**

Under the 2010 Term Loan Facility, Eurodollar Loans (as defined in the 2010 Term Loan Agreement) bear interest at the Eurodollar Rate (as defined in the 2010 Term Loan Agreement) plus 4.00% per annum (provided that in no event shall the Eurodollar Rate be less than 2.00% per annum) and Alternate Base Rate (as defined in the 2010 Term Loan Agreement) loans bear interest at the Alternate Base Rate plus 3.00% per annum (provided that in no event shall the Alternate Base Rate be less than 3.00% per annum).

Prior to the termination date of the 2010 Term Loan Facility, on June 30, September 30, December 31 and March 31 of each year (commencing June 30, 2010), Products Corporation is required to repay \$2.0 million of the principal amount of the term loans outstanding under the 2010 Term Loan Facility on each respective date. In addition, the term loans under the 2010 Term Loan Facility are required to be prepaid with:

(i) the net cash proceeds in excess of \$10.0 million for each 12-month period ending on March 31 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 a reinvestment right for 365 days and carryover of unused annual basket amounts up to a maximum of \$25.0 million and subject to certain specified dispositions of 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 (as defined under the 2010 Term Loan Agreement), commencing with excess cash flow for the 2011 fiscal year payable in the first quarter of 2012.

Any such prepayments are applied to reduce Products Corporation's future regularly scheduled term loan amortization payments, to be applied in the direct order of maturity to the remaining installments thereof or as otherwise directed by Products Corporation.

The 2010 Term Loan Facility contains a financial covenant limiting Products Corporation's first lien senior secured leverage ratio (the ratio of Products Corporation's Senior Secured Debt that has a lien on the



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collateral which secures the 2010 Term Loan Facility that is not junior or subordinated to the liens securing the 2010 Term Loan Facility (excluding debt outstanding under the 2010 Revolving Credit Facility) to EBITDA, as each such term is defined in the 2010 Term Loan Facility), to 4.0 to 1.0 for each period of four consecutive fiscal quarters ending during the period from March 31, 2010 to the March 2015 maturity date of the 2010 Term Loan Facility.

Under certain circumstances, Products Corporation will have the right to request the 2010 Term Loan Facility to be increased by up to \$300.0 million, provided that the lenders are not committed to provide any such increase.

The 2010 Term Loan Facility matures on March 11, 2015.

**Provisions Applicable to the 2010 Revolving Credit Facility and the 2010 Term Loan Facility**

The 2010 Credit Facilities are supported by, among other things, guarantees from Revlon, Inc. and, subject to certain limited exceptions, Products Corporation's domestic subsidiaries. The obligations of Products Corporation under the 2010 Credit Facilities and the obligations under such guarantees are secured by, subject to certain limited exceptions, substantially all of the assets of Products Corporation and the guarantors. (See Note 10, Long-Term Debt and Redeemable Preferred Stock, to the Consolidated Financial Statements).

Each of the 2010 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 NYSE listing fees, and other expenses related to being a public holding company;
  - (b) subject to certain circumstances, to finance the purchase by Revlon, Inc. of its Class A Common Stock in connection with the delivery of such Class A Common Stock to grantees under the Third Amended and Restated Revlon, Inc. Stock Plan and/or the payment of withholding taxes in connection with the vesting of restricted stock awards under such plan;
  - (c) subject to certain limitations, to pay dividends or make other payments to finance the purchase, redemption or other retirement for value by Revlon, Inc. of stock or other equity interests or equivalents in Revlon, Inc. held by any current or former director, employee or consultant in his or her capacity as such; and
  - (d) subject to certain limitations, to make other restricted payments to affiliates of Products Corporation in amounts up to \$5.0 million per year (\$10.0 million in 2010), other restricted payments in an aggregate amount not to exceed \$20.0 million and other restricted payments based upon certain financial tests;

(iii) creating liens or other encumbrances on Products Corporation s or its subsidiaries assets or revenues, granting negative pledges or selling or transferring any of Products Corporation s or its subsidiaries assets, all subject to certain limited exceptions;

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(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 involving aggregate payments or consideration in excess of \$10.0 million other than upon terms that are not materially less favorable when taken as a whole to Products Corporation or its subsidiaries as terms that would be obtainable at the time for a comparable transaction or series of similar transactions in arm's length dealings with an unrelated third person and where such payments or consideration exceed \$20.0 million, unless such transaction has been approved by all of the independent directors of Products Corporation, subject to certain exceptions.

The events of default under each of the 2010 Credit Facilities include customary events of default for such types of agreements, including, among others:

(i) nonpayment of any principal, interest or other fees when due, subject in the case of interest and fees to a grace period;

(ii) non-compliance with the covenants in such 2010 Credit Facilities 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 \$25.0 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 \$25.0 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 2010 Term Loan Facility, a cross default under the 2010 Revolving Credit Facility, and in the case of the 2010 Revolving Credit Facility, a cross default under the 2010 Term Loan Facility;

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

(vii) a change of control such that (A) Revlon, Inc. shall cease to be the beneficial and record owner of 100% of Products Corporation's capital stock, (B) Ronald O. Perelman (or his estate, heirs, executors, administrator or other personal representative) and his or their controlled affiliates shall cease to control Products Corporation, and any other person or group of persons owns, directly or indirectly, more than 35% of 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 a majority of such continuing directors) shall cease to be a majority of the directors;

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

(ix) the failure of certain 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, subject to certain exceptions, including exceptions as to Products Corporation's Senior Subordinated Term Loan.

If Products Corporation is in default under the senior secured leverage ratio under the 2010 Term Loan Facility or the consolidated fixed charge coverage ratio under the 2010 Revolving Credit Facility, Products Corporation may cure such default by issuing certain equity securities to, or receiving capital contributions from, Revlon, Inc. and applying such cash which is deemed to increase EBITDA for the purpose of calculating the applicable ratio. This cure right may be exercised by Products Corporation two times in any four-quarter period.

Products Corporation was in compliance with all applicable covenants under the 2010 Credit Agreements upon closing the 2010 Refinancing and as of September 30, 2010. At September 30, 2010, the aggregate principal amount outstanding under the 2010 Term Loan Facility was \$796.0 million and availability under the \$140.0 million 2010 Revolving Credit Facility, based upon the calculated borrowing base less \$21.2 million of outstanding undrawn letters of credit and nil then drawn on the 2010 Revolving Credit Facility, was \$108.1 million.

***93/4% Senior Secured Notes due 2015***

For detail regarding the 93/4% Senior Secured Notes, due November 2015, see Note 9, Long-Term Debt and Redeemable Preferred Stock, to the Consolidated Financial Statements in Revlon, Inc.'s 2009 Form 10-K.

Products Corporation was in compliance with all applicable covenants under its 93/4% Senior Secured Notes as of September 30, 2010.

***Senior Subordinated Term Loan***

For detail regarding Products Corporation's Senior Subordinated Term Loan from MacAndrews & Forbes (the Senior Subordinated Term Loan), consisting of (i) the \$48.6 million of the \$107.0 million aggregate outstanding principal amount of the Senior Subordinated Term Loan that was contributed to Revlon, Inc. by MacAndrews & Forbes (the Contributed Loan), which matures on October 8, 2013, and (ii) the \$58.4 million principal amount of the Senior Subordinated Term Loan which remains owing from Products Corporation to MacAndrews & Forbes (the Non-Contributed Loan), which matures on October 8, 2014, see Note 9, Long-Term Debt and Redeemable Preferred Stock, to the Consolidated Financial Statements in Revlon, Inc.'s 2009 Form 10-K.

***Interest Rate Swap Transaction***

Prior to its expiration in April 2010, the Company's floating-to-fixed interest rate swap had a notional amount of \$150.0 million initially relating to indebtedness under Products Corporation's former 2006 Term Loan Facility (prior

to its complete refinancing in March 2010) and which also related, through its expiration in April 2010, to a notional amount of \$150.0 million relating to indebtedness under Products Corporation's 2010 Term Loan Facility (the 2008 Interest Rate Swap ). Under the terms of the 2008

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Interest Rate Swap, Products Corporation was required to pay to the counterparty a quarterly fixed interest rate of 2.66% on the \$150.0 million notional amount under the 2008 Interest Rate Swap (which, based upon the 4.0% applicable margin, effectively fixed the interest rate on such notional amounts at 6.66% for the 2-year term of such swap), commencing in July 2008, while receiving a variable interest rate payment from the counterparty equal to three-month U.S. dollar LIBOR.

The 2008 Interest Rate Swap was initially designated as a cash flow hedge of the variable interest rate payments on Products Corporation's former 2006 Term Loan Facility (prior to its complete refinancing in March 2010) under the Derivatives and Hedging Topic of the FASB Accounting Standards Codification (the Derivatives and Hedging Topic). However, as a result of the 2010 Refinancing, effective March 11, 2010 (the closing date of the 2010 Refinancing), the 2008 Interest Rate Swap no longer met the criteria specified under the Derivatives and Hedging Topic to allow for the deferral of the effective portion of unrecognized hedging gains or losses in other comprehensive income since the scheduled variable interest payment specified on the date originally documented at the inception of the hedge will not occur. As a result, as of March 11, 2010, the Company reclassified an unrecognized loss of \$0.8 million from Accumulated Other Comprehensive Loss into earnings.

***Impact of Foreign Currency Translation - Venezuela***

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

Currency Devaluation: On January 8, 2010, the Venezuelan government announced the devaluation of its local currency ( Bolivars ) relative to the U.S. dollar and the official exchange rate for non-essential goods changed from 2.15 to 4.30. The Company uses Venezuela's official rate to translate the financial statements of Revlon Venezuela. In the third quarter of 2010, the devaluation had the impact of reducing reported net sales and operating income by \$8.8 million and \$1.3 million, respectively. In the nine-month period ended September 30, 2010, the devaluation had the impact of reducing reported net sales and operating income by \$22.0 million and \$5.2 million, respectively. Additionally, to reflect the impact of the currency devaluation, a one-time foreign currency loss of \$2.8 million was recorded in January 2010 as a result of the required re-measurement of Revlon Venezuela's balance sheet. As Venezuela has been designated as a highly inflationary economy effective January 1, 2010, this foreign currency loss was reflected in earnings in the first quarter of 2010.

During the three and nine months ended September 30, 2010, the Company's subsidiary in Venezuela had net sales of approximately 3% and 2%, respectively, of the Company's consolidated net sales. As of September 30, 2010, total assets in the Company's subsidiary in Venezuela were approximately 3% of the Company's total assets.

***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 2010 Revolving Credit Facility and other permitted lines of credit. The 2010 Credit Agreements, the indenture governing Products Corporation's 93/4% Senior Secured Notes and the Senior Subordinated Term Loan Agreement contain certain provisions that by their terms limit Products Corporation and its subsidiaries' ability to, among other things, incur additional debt.



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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, capital expenditure requirements, payments in connection with the Company's restructuring programs, severance not otherwise included in the Company's restructuring programs, debt service payments and costs, debt repurchases and regularly scheduled pension and post-retirement benefit plan contributions and benefit payments. The Company's cash contributions to its pension and post-retirement benefit plans in the nine-month period ended September 30, 2010 were \$20.1 million. In accordance with the minimum pension contributions required under the Employee Retirement Income Security Act of 1974, as amended by the Pension Protection Act of 2006 and as amended by the Worker, Retiree and Employer Recovery Act of 2008, the Company expects cash contributions to its pension and post-retirement benefit plans to be approximately \$25 million in the aggregate for full year 2010. The Company's purchases of permanent wall displays and capital expenditures in the nine-month period ended September 30, 2010 were \$25.8 million and \$12.0 million, respectively. The Company expects purchases of permanent wall displays and capital expenditures in the aggregate for full year 2010 to be approximately \$40 million and \$20 million, respectively, inclusive of amounts expended in the nine-month period ended September 30, 2010. (See Restructuring Costs and Other, Net above for discussion of the Company's expected uses of funds in connection with its various restructuring programs.)

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 intended to reduce inventory levels over time; centralized purchasing to secure discounts and efficiencies in procurement; providing discounts to U.S. customers for more timely payment of receivables; prudent management of accounts payable; and targeted controls on general and administrative spending.

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

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

The Company expects that operating revenues, cash on hand and funds available for borrowing under the 2010 Revolving Credit Facility and other permitted lines of credit will be sufficient to enable the Company to cover its operating expenses for 2010, including cash requirements in connection with the payment of operating expenses, including expenses in connection with the execution of the Company's business strategy, purchases of permanent wall displays, capital expenditure requirements, payments in connection with the Company's restructuring programs (including, without limitation, the 2008 Programs and the 2009 Programs), severance not otherwise included in the Company's restructuring programs, debt service payments and costs, debt repurchases and regularly scheduled pension

and post-retirement plan contributions and benefit payments.

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

Any such development, if significant, could reduce the Company's revenues and could adversely affect Products Corporation's ability to comply with certain financial covenants under the 2010 Credit Agreements and in such event the Company could be required to take measures, including, among other things, reducing discretionary spending. **(See also Item 1A. Risk Factors in Revlon, Inc.'s 2009 Form 10-K for further discussion of certain risks associated with the Company's business and indebtedness.)**

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, promotional or marketing expenses;
- reducing or delaying capital spending;
- delaying, reducing or revising the Company's restructuring programs;
- refinancing 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

limitation, market conditions being unfavorable for an equity or debt issuance, additional capital contributions and/or loans not being available from affiliates and/or third parties, or that the transactions may not be permitted under the terms of Products Corporation's various debt instruments then in effect, such as due to restrictions on the incurrence of debt, incurrence of liens, asset dispositions and related party transactions. In addition, such actions, if taken, may not enable the Company to satisfy its cash requirements or enable Products Corporation to comply with its debt covenants if the actions do not generate a sufficient amount of additional capital. **(See also Item 1A. Risk Factors in Revlon, Inc.'s 2009 Form 10-K for further discussion of certain risks associated with the Company's business and indebtedness.)**

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Revlon, Inc. expects that the payment of the quarterly dividend on its Preferred Stock will be funded by cash interest payments to be received by Revlon, Inc. from Products Corporation on the Contributed Loan, subject to Revlon, Inc. having sufficient surplus or net profits in accordance with Delaware law. Additionally, Revlon, Inc. expects to pay the liquidation preference of the Preferred Stock on October 8, 2013 with the cash payment to be received by Revlon, Inc. from Products Corporation in respect of the maturity of the principal amount outstanding under the Contributed Loan, subject to Revlon, Inc. having sufficient surplus in accordance with Delaware law. The payment of such interest and principal under the Contributed Loan to Revlon, Inc. by Products Corporation is permissible under the 2010 Credit Agreements, the Senior Subordinated Term Loan Agreement and the 93/4% Senior Secured Notes Indenture.

In accordance with the terms of the certificate of designation of the Preferred Stock, on July 8, 2010, Revlon, Inc. paid to holders of record of the Preferred Stock at the close of business on June 25, 2010 the Regular Dividend in the amount of \$0.165614 per share, or \$1.5 million in the aggregate, for the period from April 8, 2009 through July 8, 2010. In addition, on October 8, 2010, Revlon, Inc. paid to holders of record of the Preferred Stock at the close of business on September 30, 2010 the Regular Dividend in the amount of \$0.167434 per share, or \$1.6 million in the aggregate, for the period from July 8, 2010 through October 8, 2010.

Products Corporation enters into foreign currency forward exchange contracts and option contracts from time to time to hedge certain net cash flows denominated in currencies other than the local currencies of the Company's foreign and domestic operations. The foreign currency forward exchange contracts are entered into primarily for the purpose of hedging anticipated inventory purchases and certain intercompany payments denominated in currencies other than the local currencies of the Company's foreign and domestic operations and generally have maturities of less than one year. At September 30, 2010, the notional amount of FX Contracts outstanding was \$42.9 million. The fair value of FX Contracts outstanding at September 30, 2010 was \$(1.1) million.

**Disclosures about Contractual Obligations and Commercial Commitments**

As of September 30, 2010, there had been no material changes to the Company's total contractual cash obligations, as set forth in the contractual obligations and commercial commitments table included in Revlon, Inc.'s 2009 Form 10-K, other than those entered into in connection with consummating the 2010 Refinancing.

The following table reflects the impact of the 2010 Refinancing on the Company's long-term debt obligations:

<b>Contractual Obligations As of September 30, 2010</b>	<b>Total</b>	<b>Payments Due by Period (dollars in millions)</b>			
		<b>2010 Q4</b>	<b>2011-2012</b>	<b>2013-2014</b>	<b>After 2014</b>
Long-term debt, including current portion	\$ 1,126.0	\$ 2.0	\$ 16.0	\$ 16.0	\$ 1,092.0
Interest on long-term debt <sup>(a)</sup>	387.1	16.4	171.9	157.8	41.0

<sup>(a)</sup> Consists of interest on the \$330.0 million in aggregate principal amount of the 93/4% Senior Secured Notes and on the \$796.0 million in aggregate principal amount outstanding under the 2010 Term Loan Facility

through the respective maturity dates based upon assumptions regarding the amount of debt outstanding under the 2010 Credit Facilities and assumed interest rates.

**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

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future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

**Discussion of Critical Accounting Policies**

For a discussion of the Company's critical accounting policies, see Revlon, Inc.'s 2009 Form 10-K.

**Effect of Recent Accounting Pronouncements**

During the third quarter of 2010, there were no recent accounting pronouncements applicable to the Company.

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The Company has exposure to market risk both as a result of changing interest rates and movements in foreign currency exchange rates. The Company's policy is to manage market risk through a combination of fixed and floating rate debt, the use of foreign exchange forward contracts, interest rate hedging transactions and option contracts. The Company does not hold or issue financial instruments for trading purposes. The qualitative and quantitative information presented in Item 7A of Revlon, Inc.'s 2009 Form 10-K (Item 7A) describes significant aspects of the Company's financial instrument programs that have material market risk as of December 31, 2009. The following table presents the information required by Item 7A as of September 30, 2010:

Debt	Expected Maturity Date for the year ended						Total	Fair Value September 30, 2010
	2010	2011	2012	2013	2014	Thereafter		
Short-term variable rate (various currencies)	\$ 6.5						\$ 6.5	\$ 6.5
Average interest rate <sup>(a)</sup>	5.2%							
Long-term fixed rate third party (\$US)				\$ 48.6 <sup>(b)</sup>		\$ 330.0	378.6	391.5
Average interest rate				12.75%		9.75%		
Long-term fixed rate affiliates (\$US)					\$ 58.4 <sup>(c)</sup>		58.4	56.6
Average interest rate					12.0%			
Long-term variable rate third party (\$US)	2.0	\$ 8.0	\$ 8.0	8.0	8.0	762.0	796.0	794.0
Average interest rate <sup>(a)</sup>	6.0%	6.0%	6.0%	6.0%	6.1%	6.1%		
Total debt	\$ 8.5	\$ 8.0	\$ 8.0	\$ 56.6	\$ 66.4	\$ 1,092.0	\$ 1,239.5	\$ 1,248.6

(a) Weighted average variable rates are based upon implied forward rates from the U.S. Dollar LIBOR yield curves at September 30, 2010.

(b) Represents the \$48.6 million to be paid by Revlon, Inc. at maturity for the Preferred Stock issued in the voluntary exchange offer consummated in October 2009 (i.e., the earlier of (i) October 8, 2013 and (ii) the consummation



of certain change of control transactions), subject to Revlon, Inc. having sufficient surplus in accordance with Delaware law to effect such payments. Annual cash dividend of 12.75% on the Preferred Stock are payable quarterly over the four-year term of the Preferred Stock, subject to Revlon, Inc. having sufficient surplus or net profits in accordance with Delaware law to effect such payments.

- (c) Represents the \$58.4 million aggregate principal amount outstanding of the Non-Contributed Loan as of September 30, 2010 which loan matures on October 8, 2014 and bears interest at an annual rate of 12%, which is payable in arrears in cash on January 8, April 8, July 8, and October 8 of each year.

<b>FX Contracts</b>	<b>Average Contractual Rate \$/FC</b>	<b>Original US Dollar Notional Amount</b>	<b>Contract Value September 30, 2010</b>	<b>Fair Value September 30, 2010</b>
Sell Canadian Dollars/Buy USD	0.9625	\$ 13.4	\$ 13.3	\$ (0.1)
Sell Australian Dollars/Buy USD	0.8711	7.5	6.8	(0.7)
Sell British Pounds/Buy USD	1.5370	5.0	4.9	(0.1)
Sell South African Rand/Buy USD	0.1328	5.1	4.8	(0.3)
Sell USD/Buy Japanese Yen	0.0119	2.7	2.7	
Sell USD/Buy South African Rand	0.1424	5.7	5.8	0.1
Buy Australian Dollars/Sell New Zealand Dollars	1.2874	3.2	3.2	
Sell New Zealand Dollars/Buy USD	0.6996	0.3	0.3	
<b>Total FX Contracts</b>		<b>\$ 42.9</b>	<b>\$ 41.8</b>	<b>\$ (1.1)</b>

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**Item 4. Controls and Procedures**

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

**(b) Changes in Internal Control Over Financial Reporting.** There have not been any changes in the Company's internal control over financial reporting during the third quarter of 2010 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**Forward-Looking Statements**

This Quarterly Report on Form 10-Q for the third quarter and nine months ended September 30, 2010, as well as other public documents and statements of the Company, contain forward-looking statements that involve risks and uncertainties, which are based on the beliefs, expectations, estimates, projections, assumptions, forecasts, plans, anticipations, targets, outlooks, initiatives, visions, objectives, strategies, opportunities, drivers, focus and intents of the Company's management. While the Company believes that its estimates and assumptions are reasonable, the Company cautions that it is very difficult to predict the impact of known factors, and, of course, it is impossible for the Company to anticipate all factors that could affect its results. The Company's actual results may differ materially from those discussed in such forward-looking statements. Such statements include, without limitation, the Company's expectations and estimates (whether qualitative or quantitative) as to:

- (i) the Company's future financial performance;
- (ii) the effect on sales of decreased consumer spending in response to weak economic conditions or weakness in the cosmetics category in the mass retail channel; adverse changes in currency exchange rates; decreased sales of the Company's products as a result of increased competitive activities by the Company's competitors, changes in consumer purchasing habits, including with respect to shopping channels; retailer inventory management, retailer space reconfigurations or reductions in retailer display space; changes in retailer pricing or promotional strategies; less than anticipated results from the Company's existing or new products or from its advertising, promotional and/or marketing plans; or if the Company's expenses, including, without limitation, for pension expense under its benefit plans, advertising, promotional and marketing activities or for sales returns related to any reduction of retail space, product discontinuances or otherwise, exceed the anticipated level of expenses;
- (iii) the Company's belief that the continued execution of its business strategy could include taking advantage of additional opportunities to reposition, repackage or reformulate one or more brands or product lines, launching additional new products, acquiring businesses or brands, further refining its approach to retail merchandising and/or taking further actions to optimize its manufacturing, sourcing and organizational

size and structure, any of which, 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;

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- (iv) our expectations regarding our strategic goal to profitably grow our business and as to the business strategies employed to achieve this goal, which are: (a) continuing to build our strong brands by focusing on innovative, high-quality, consumer-preferred brand offering; effective consumer brand communication; appropriate levels of advertising and promotion; and superb execution with our retail partners; (b) continuing to develop our organizational capability through attracting, retaining and rewarding highly capable people and through performance management, development planning, succession planning and training; (c) continuing to drive common global processes which are designed to provide the most efficient allocation of our resources; (d) continuing to focus on increasing our operating profit and cash flow; and (e) continuing to improve our capital structure by focusing on strengthening our balance sheet and reducing debt;
- (v) restructuring activities, restructuring costs and charges, the timing of restructuring payments and the benefits from such activities, including, without limitation, our expectation of annualized savings of approximately \$30 million in 2010 and thereafter (inclusive of the approximately \$15 million in 2009) from the May 2009 Program;
- (vi) the Company's expectation that operating revenues, cash on hand and funds available for borrowing under Products Corporation's 2010 Revolving Credit Facility and other permitted lines of credit will be sufficient to enable the Company to cover its operating expenses for 2010, including the cash requirements referred to in item (viii) below;
- (vii) the Company's expected principal sources of funds, including operating revenues, cash on hand and funds available for borrowing under Products Corporation's 2010 Revolving Credit Facility and other permitted lines of credit, as well as the availability of funds from refinancing Products Corporation's indebtedness, selling assets or operations, capital contributions and/or loans from MacAndrews & Forbes, the Company's other affiliates and/or third parties and/or the sale of additional equity securities of Revlon, Inc. or additional debt securities of Revlon, Inc. or Products Corporation;
- (viii) the Company's expected principal uses of funds, including amounts required for the payment of operating expenses, including expenses in connection with the continued execution of the Company's business strategy, payments in connection with the Company's purchases of permanent wall displays, capital expenditure requirements, restructuring programs, severance not otherwise included in the Company's restructuring programs, debt service payments and costs, debt repurchases (including, without limitation, that the Company may also, from time to time, seek to retire or purchase its outstanding debt obligations in open market purchases, in privately negotiated transactions or otherwise and may seek to refinance some or all of its indebtedness based upon market conditions) and regularly scheduled pension and post-retirement benefit plan contributions and benefit payments, and its estimates of the amount and timing of its operating expenses, restructuring costs and payments, severance costs and payments, debt service payments (including payments required under Products Corporation's debt instruments), debt repurchases, cash contributions to the Company's pension plans and its other post-retirement benefit plans and benefit payments in 2010, purchases of permanent wall displays and capital expenditures;
- (ix) matters concerning the Company's market-risk sensitive instruments, including the Company's expectations as to the counterparty's performance, including that any loss arising from the non-performance by the counterparty would not be material;

- (x) the Company s plan to efficiently manage its cash and working capital, including, among other things, programs to reduce inventory levels over time; centralized purchasing to secure discounts and efficiencies in procurement; providing discounts to U.S. customers for more timely

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payment of receivables; prudent management of accounts payable; and targeted controls on general and administrative spending;

- (xi) the Company's expectations regarding its future pension expense, cash contributions and benefit payments under its benefit plans;
- (xii) the Company's expectation that the payment of the quarterly dividend on the Preferred Stock will be funded by cash interest payments to be received by Revlon, Inc. from Products Corporation on the Contributed Loan, subject to Revlon, Inc. having sufficient surplus or net profits in accordance with Delaware law, and its expectation of paying the liquidation preference of the Preferred Stock on October 8, 2013 with the cash payment to be received by Revlon, Inc. from Products Corporation in respect of the maturity of the Contributed Loan, subject to Revlon, Inc. having sufficient surplus in accordance with Delaware law;
- (xiii) the Company's expectations that interest expense throughout the remainder of 2010 will be impacted by higher weighted average borrowing rates primarily as a result of the 2010 Refinancing; and
- (xiv) the Company's expectation that if the positive earnings trends reflected in 2008, 2009 and the nine-month period ended September 30, 2010 and our tax position continue, and based upon current expectations for future taxable income in the U.S., the Company is likely to realize the benefits of all or a significant portion of its net U.S. deferred tax assets in the near term, perhaps as early as the fourth quarter of 2010, which non-cash benefit would be realized by the Company through a reduction in its deferred tax valuation allowance, which would be primarily reflected in the tax provision and would benefit net income in the period of such reduction, and the Company's expectation that if such reduction were to occur that, beginning with the first quarter after such reduction, its tax provision would reflect a higher effective tax rate, which increase the Company believes would not affect its cash taxes paid until the domestic tax loss carryforwards were fully utilized.

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

Investors are advised, however, to consult any additional disclosures Revlon, Inc. made or may make in its 2009 Form 10-K, and in its Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, in each case filed with the SEC in 2010 (which, among other places, can be found on the SEC's website at <http://www.sec.gov>, as well as on the Company's corporate website at [www.revloninc.com](http://www.revloninc.com)). Except as expressly set forth in this Form 10-Q, the information available from time to time on such websites shall not be deemed incorporated by reference into this Quarterly Report on Form 10-Q. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. **(See also Item 1A. Risk Factors in Revlon, Inc.'s 2009 Form 10-K for further discussion of risks associated with the Company's business and indebtedness.)** In addition to factors that may be

described in the Company's filings with the SEC, including this filing, the following factors, among others,

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could cause the Company's actual results to differ materially from those expressed in any forward-looking statements made by the Company:

- (i) unanticipated circumstances or results affecting the Company's financial performance, including decreased consumer spending in response to weak economic conditions or weakness in the cosmetics category in the mass retail channel; changes in consumer preferences, such as reduced consumer demand for the Company's color cosmetics and other current products, including new product launches; changes in consumer purchasing habits, including with respect to shopping channels; lower than expected retail customer acceptance or consumer acceptance of, or less than anticipated results from, the Company's existing or new products; higher than expected pension expense and/or cash contributions under its benefit plans and/or benefit payments, advertising, promotional and/or marketing expenses or lower than expected results from the Company's advertising, promotional and/or marketing plans; higher than expected sales returns or decreased sales of the Company's existing or new products; actions by the Company's customers, such as retailer inventory management and greater than anticipated retailer space reconfigurations or reductions in retail space and/or product discontinuances or a greater than expected impact from retailer pricing or promotional strategies; and changes in the competitive environment and actions by the Company's competitors, including business combinations, technological breakthroughs, new products offerings, increased advertising, promotional and marketing spending and advertising, promotional and/or marketing successes by competitors, including increases in share in the mass retail channel;
- (ii) in addition to the items discussed in (i) above, the effects of and changes in economic conditions (such as continued volatility in the financial markets, inflation, monetary conditions and foreign currency fluctuations, as well as in trade, monetary, fiscal and tax policies in international markets) and political conditions (such as military actions and terrorist activities);
- (iii) unanticipated costs or difficulties or delays in completing projects associated with the continued execution of the Company's business strategy or lower than expected revenues or the inability to create value through profitable growth as a result of such strategy, including lower than expected sales, or higher than expected costs, including as may arise from any additional repositioning, repackaging or reformulating of one or more brands or product lines, launching of new product lines, including difficulties or delays, or higher than expected expenses, including for sales returns, in launching its new products, acquiring businesses or brands, further refining its approach to retail merchandising, and/or difficulties, delays or increased costs in connection with taking further actions to optimize the Company's manufacturing, sourcing, supply chain or organizational size and structure;
- (iv) difficulties, delays or unanticipated costs in achieving our strategic goal to profitably grow our business and as to the business strategies employed to achieve this goal, such as (a) difficulties, delays or our inability to build our strong brands, such as due to less than effective product development, less than expected acceptance of our new or existing products by consumers and/or retail customers, less than expected acceptance of our advertising, promotional and/or marketing plans by our consumers and/or retail customers, less than expected investment in advertising, promotional and/or marketing activities or greater than expected competitive investment, less than expected acceptance of our brand communication by consumers and/or retail partners, less than expected levels of advertising, promotional and/or marketing activities for our new product launches and/or less than expected levels of execution with our retail partners or higher than expected costs and expenses; (b) difficulties, delays or the inability to develop our organizational capability; (c) difficulties, delays or unanticipated costs in connection with our plans to



drive our company to act globally, such as due to higher than anticipated levels of investment required to support and build our brands globally or less than anticipated results from our national and multi-national brands; (d) difficulties, delays or unanticipated

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costs in connection with our plans to improve our operating profit and cash flow, such as difficulties, delays or the inability to take actions intended to improve results in sales returns, cost of goods sold, general and administrative expenses, working capital management and/or sales growth; and/or (e) difficulties, delays or unanticipated costs in consummating, or our inability to consummate, transactions to improve our capital structure, strengthen our balance sheet and/or reduce debt, including higher than expected costs (including interest rates);

- (v) 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 cost reductions or other benefits from the 2009 Programs and/or 2008 Programs and the risk that any of such programs may not satisfy the Company's objectives;
- (vi) lower than expected operating revenues, cash on hand and/or funds available under the 2010 Revolving Credit Facility and/or other permitted lines of credit or higher than anticipated operating expenses, such as referred to in clause (viii) below;
- (vii) the unavailability of funds under Products Corporation's 2010 Revolving Credit Facility or other permitted lines of credit, or from refinancing indebtedness, selling assets or operations or from capital contributions and/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;
- (viii) higher than expected operating expenses, sales returns, working capital expenses, permanent wall display costs, capital expenditures, restructuring costs, severance not otherwise included in the Company's restructuring programs, debt service payments, debt repurchases, regularly scheduled pension plan contributions and/or post-retirement benefit plan contributions and/or benefit payments;
- (ix) interest rate or foreign exchange rate changes affecting the Company and its market-risk sensitive financial instruments and/or difficulties, delays or the inability of the counterparty to perform such transactions;
- (x) difficulties, delays or the inability of the Company to efficiently manage its cash and working capital;
- (xi) lower than expected returns on pension plan assets and/or lower discount rates, which could result in higher than expected cash contributions and/or pension expense;
- (xii) difficulties, delays or the inability of the Company to pay the quarterly dividend or the liquidation preference on the Preferred Stock, such as due to the unavailability of funds from Products Corporation related to its payments to Revlon, Inc. under the Contributed Loan or the unavailability of sufficient surplus or net profits to make such dividend payments in accordance with Delaware law or the unavailability of sufficient surplus to make such liquidation preference payments in accordance with Delaware law;
- (xiii) unexpected circumstances impacting the Company's expectations that interest expense throughout the remainder of 2010 will be impacted by higher weighted average borrowing rates primarily as a result of the 2010 Refinancing; and
- (xiv)

changes in the Company's earnings trends, tax position or future taxable income in the U.S. that may impact the amount or timing of the Company's realization of the non-cash benefits of all or a significant portion of its net U.S. deferred tax assets in the near term, perhaps as early as the fourth quarter of 2010, through a reduction in its deferred tax valuation allowance, and changes in or unexpected circumstances impacting the Company's effective tax rate and cash taxes paid.

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

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

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

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**PART II OTHER INFORMATION**

**Item 1. Legal Proceedings**

The Company is involved in various routine legal proceedings incident to the ordinary course of its business. The Company believes that the outcome of all pending legal proceedings in the aggregate is unlikely to have a material adverse effect on the Company's business, financial condition and/or its results of operations.

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

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

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

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

concessions that had been provided to the plaintiffs as part of the Settlement Agreement.

On May 25, 2010, plaintiffs' counsel in the Consolidated Action filed an amended complaint alleging breaches of fiduciary duties arising out of the Exchange Offer and that defendants should have disclosed in

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the Company's Offer to Exchange information regarding the Company's financial results for the fiscal quarter ended September 30, 2009. Merits discovery is now proceeding in the Consolidated Action.

On December 31, 2009, a purported class action was filed in the U.S. District Court for the District of Delaware by John Garofalo against Revlon, Inc., Revlon, Inc.'s current directors, a former director and MacAndrews & Forbes alleging federal and state law claims stemming from the alleged failure to disclose in the Offer to Exchange certain information relating to the Company's financial results for the fiscal quarter ended September 30, 2009. Defendants and plaintiffs have agreed to stay proceedings in this action until December 15, 2010 to permit plaintiffs to participate in the merits discovery in the Consolidated Action. A similar agreement has been reached with plaintiffs in the Sullivan action, although the stay is in effect until December 17, 2010.

On May 11, 2010, a purported derivative action was filed in the U.S. District Court for the District of Delaware by Richard Smutek, derivatively and on behalf of Revlon, Inc. against Revlon, Inc.'s current directors and MacAndrews & Forbes alleging breach of fiduciary duty in allowing the Exchange Offer to proceed and failing to disclose in the Offer to Exchange certain information related to the Company's financial results for the fiscal quarter ended September 30, 2009. The parties have agreed that the briefing on any motions to dismiss the complaint will be completed by December 10, 2010.

Plaintiffs in each of these actions are seeking, among other things, an award of damages and the costs and disbursements of such actions, including a reasonable allowance for the fees and expenses of each such plaintiff's attorneys and experts. Because the Smutek action is styled as a derivative action on behalf of the Company, any award of damages, costs and disbursements would be made to and for the benefit of the Company. The Company believes the allegations contained in the amended Sullivan complaint, the amended complaint in the Consolidated Action, the Garofalo complaint and the Smutek complaint are without merit and intends to vigorously defend against them.

**Item 1A. Risk Factors**

In addition to the other information set forth in this report, when evaluating the Company's business, investors should carefully consider the risk factors discussed in Part I, Item 1A. Risk Factors in Revlon, Inc.'s 2009 Form 10-K.

**Item 5. Exhibits**

- \*31.1 Certification of Alan T. Ennis, Chief Executive Officer, dated October 28, 2010, pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act.
- \*31.2 Certification of Steven Berns, Chief Financial Officer, dated October 28, 2010, pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act.
- 32.1 Certification of Alan T. Ennis, Chief Executive Officer, dated October 28, 2010, pursuant to 18 U.S.C. (furnished herewith) Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Steven Berns, Chief Financial Officer, dated October 28, 2010, pursuant to 18 U.S.C. (furnished herewith) Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

\* Filed herewith.





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**SIGNATURES**

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

Dated: October 28, 2010

**REVLON, INC.**

Registrant

By: /s/ Steven Berns

Steven Berns  
Executive Vice President and  
Chief Financial Officer

By: /s/ Gina M. Mastantuono

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