PROCTER & GAMBLE CO
Form 424B5
December 03, 2003

Table of Contents

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-84232

PROSPECTUS SUPPLEMENT
(To Prospectus dated March 25, 2002)

$30,000,000

The Procter & Gamble Company

Floating Rate Notes due 2053

We will pay interest on the notes on March 4, June 4, September 4 and December 4 of each year and on the maturity date. The first interest payment date is March 4, 2004. Interest on each note will be reset on March 4, June 4, September 4 and December 4 of each year, beginning on March 4, 2004, based on the 3-month LIBOR rate less 0.35%. The stated maturity of the notes is December 4, 2053.

We have the right to redeem all or a portion of the notes beginning on December 4, 2033 and at any time thereafter at the redemption prices listed in this prospectus supplement, plus accrued interest on the notes to the date we redeem the notes.

The holders of the notes may require us to repurchase all or a portion of the notes on December 4, 2004, on every December 4 thereafter through and including December 4, 2014, and on December 4 of every subsequent third year, at the redemption prices listed in this prospectus supplement, plus accrued interest on the notes to the date we repurchase the notes.

If there is a tax event, we have the right to shorten the maturity of the notes to the extent needed, so that the interest we pay on the notes will be deductible for United States federal income tax purposes. On the new maturity date, we will pay 100% of the principal amount of the notes, plus accrued interest on the notes to the new maturity date.

	Per Note	Total
Public offering price (1)	100%	$30,000,000
Underwriting discount	1%	$ 300,000
Proceeds, before expenses, to Procter & Gamble	99%	$29,700,000

(1) Plus accrued interest from December 4, 2003, if settlement occurs after that date

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form only through The Depository Trust Company on or about December 4, 2003.

Merrill Lynch & Co.

The date of this prospectus supplement is December 1, 2003.

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS SUPPLEMENT
THE COMPANY
RECENT DEVELOPMENTS
SUMMARY CONSOLIDATED FINANCIAL INFORMATION
MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES
CAPITALIZATION
DESCRIPTION OF THE NOTES
UNDERWRITING
VALIDITY OF THE NOTES
AVAILABLE INFORMATION
INCORPORATION OF DOCUMENTS BY REFERENCE
PROSPECTUS
TABLE OF CONTENTS
THE COMPANY
SUMMARY CONSOLIDATED FINANCIAL INFORMATION
FORWARD LOOKING STATEMENTS
USE OF PROCEEDS
DESCRIPTION OF DEBT SECURITIES
DESCRIPTION OF WARRANTS
PLAN OF DISTRIBUTION
LEGAL OPINIONS
EXPERTS
WHERE YOU CAN FIND MORE INFORMATION

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

	Page
About this Prospectus Supplement	S-1
The Company	S-2
Recent Developments	S-2
Summary Consolidated Financial Information	S-3
Management s Discussion and Analysis of Financial Condition and Results of Operations	S-4
Consolidated Ratio of Earnings to Fixed Charges	S-7
Capitalization	S-8
Description of the Notes	S-9
Underwriting	S-18
Validity of the Notes	S-19
Available Information	S-19
Incorporation of Documents by Reference	S-19

Prospectus

The Company	3
Summary Consolidated Financial Information	5
Forward Looking Statements	9
Use of Proceeds	10
Description of Debt Securities	11
Description of Warrants	19
Plan of Distribution	23
Legal Opinions	24
Experts	25
Where You Can Find More Information	25

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement contains the terms of this offering of notes. This prospectus supplement, or the information incorporated by reference in this prospectus supplement, may add to, update or change the information in the accompanying prospectus. If information in this prospectus supplement, or the information incorporated by reference in this prospectus supplement, is inconsistent with the accompanying prospectus, this prospectus supplement, or the information incorporated by reference in this prospectus supplement, will apply and will supersede that information in the accompanying prospectus.

It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents we have referred you to in Incorporation of Documents By Reference in this prospectus supplement.

No person is authorized to give any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement or the accompanying prospectus and, if given or made, such information or representations must not be relied upon as having been authorized. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities described in this prospectus supplement or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus supplement or the accompanying prospectus, nor any sale made hereunder or thereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus supplement or the accompanying prospectus, or that the information contained or incorporated by reference herein or therein is correct as of any time subsequent to the date of such information.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. This prospectus supplement and the accompanying prospectus do not constitute an offer, or an invitation on our behalf or on behalf of the underwriters or any of them, to subscribe to or purchase, any of the notes, and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. See Underwriting.

Unless otherwise specified, all references in this prospectus supplement to: (a) Procter & Gamble, we, us, and our are to The Procter & Gamble Company and its subsidiaries; (b) fiscal followed by a specific year are to our fiscal year ended or ending June 30 of that year; and (c) U.S. dollars, dollars, U.S. $ or $ are to the currency of the United States of America.

Table of Contents

THE COMPANY

The Procter & Gamble Company was incorporated in Ohio in 1905, having been built from a business founded in 1837 by William Procter and James Gamble. Today, the Company manufactures and markets a broad range of consumer products in many countries throughout the world. Our principal executive offices are located at One Procter & Gamble Plaza, Cincinnati, Ohio 45202, and our telephone number is (513) 983-1100.

Our business is organized into five product-based, reportable segments called Global Business Units (GBUs). These units are: Fabric and Home Care; Baby and Family Care; Beauty Care; Health Care; and Snacks and Beverages.

Fabric and Home Care includes laundry detergents, dish care, fabric enhancers and surface cleaners. Representative brands include Ariel, Tide, Dryel, Downy, Cascade, Dawn, Febreze and Swiffer.

Baby and Family Care includes diapers, wipes, tissue and towels. Representative brands include Pampers, Luvs, Charmin and Bounty.

Beauty Care includes hair care, hair colorants, skin care, cosmetics, fine fragrances, deodorants, tampons, pads and pantiliners. Representative brands include Pantene, Herbal Essences, Nice N Easy, Head & Shoulders, Olay, Zest, Cover Girl, Secret, Old Spice, Tampax, Always and Whisper.

Snacks and Beverages includes coffee, snacks, commercial services and juice. Representative brands include Folgers, Millstone, Pringles and Sunny Delight.

Health Care includes oral care, personal health care, pharmaceuticals and pet health and nutrition. Representative brands include Crest, Scope, Metamucil, Vicks, Actonel, Asacol, Iams and Eukanuba.

In the most recent fiscal year ended June 30, 2003, the Fabric and Home Care segment accounted for 29% of total sales and Beauty Care accounted for 28% of total sales. Baby and Family Care accounted for 23%, Health Care accounted for 13% and Snacks and Beverages accounted for 7% of total sales.

In the United States, as of June 30, 2003, the Company owned and operated 35 manufacturing facilities and leased and operated 2 manufacturing facilities. These facilities were located in 21 different states. In addition, the Company owned and operated 83 manufacturing facilities in 42 other countries. Many of the domestic and international facilities produced products for multiple business segments. Fabric and Home Care products were produced at 45 of these locations; Baby and Family Care products at 32; Health Care products at 25; Beauty Care products at 39; and Snacks and Beverages products at 11.

RECENT DEVELOPMENTS

In March, 2003, the Company entered into an agreement to acquire a controlling interest in Wella AG from the majority shareholders and, in June, 2003, the Company completed a tender offer for the remaining outstanding voting class shares and preference shares. On September 2, 2003, the Company completed the previously announced purchase of the shares of Wella AG held by the majority shareholders for 3.16 billion Euros (approximately $3.42 billion based on spot exchange rates on that date). On September 10, 2003, the Company purchased the shares secured through the tender offer for 1.49 billion Euros (approximately $1.67 billion based on spot exchange rates on that date). As a result of these purchases, the Company acquired approximately 81% of the outstanding Wella shares (99% of the voting class shares and 45% of the preference shares). The acquisition was financed by a mixture of available cash balances and debt. Wella AG is a leading beauty care company selling its products in more than 150 countries, focused on professional hair care, retail hair care and cosmetics and fragrances.

Table of Contents

On November 16, 2001, the Company completed the acquisition of the Clairol business from Bristol-Myers Squibb Company and, on May 31, 2002, the Company completed the spin-off of the Jif peanut butter and Crisco shortening brands to the Company s shareholders and their subsequent merger into the J.M. Smucker Company.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following summary consolidated financial information for the quarters ended September 30, 2003 and September 30, 2002 has been derived from our unaudited consolidated financial statements contained in our Quarterly Report to Shareholders on Form 10-Q for the quarter ended September 30, 2003. The summary consolidated financial information for the fiscal year ended June 30, 2003 has been derived from our audited consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended June 30, 2003. We believe that all adjustments necessary for the fair presentation thereof have been made to the unaudited financial data. The results for the interim period ended September 30, 2003 are not necessarily indicative of the results for the full fiscal year.

	Three Months Ended September 30	
	2003	2002
	(Amounts in Millions Except Per Share Amounts)	
NET SALES	$ 12,195	$ 10,796
Cost of products sold	5,879	5,489
Marketing, research, administrative and other expenses	3,673	3,128
OPERATING INCOME	2,643	2,179
Interest expense	141	144
Other non-operating income, net	40	103
EARNINGS BEFORE INCOME TAXES	2,542	2,138
Income taxes	781	674
NET EARNINGS	$ 1,761	$ 1,464
PER COMMON SHARE:		
Basic net earnings	$ 1.33	$ 1.10
Diluted net earnings	$ 1.26	$ 1.04
Dividends	$ 0.46	$ 0.41
AVERAGE COMMON SHARES OUTSTANDING DILUTED	1,398.9	1,407.3

	As of September 30, 2003	As of June 30, 2003
	(Amounts in Millions)	
WORKING CAPITAL	$ (1,139)	$ 2,862
TOTAL ASSETS	$ 50,496	$ 43,706
LONG-TERM DEBT	$ 11,993	$ 11,475
SHAREHOLDERS EQUITY	$ 17,371	$ 16,186

Table of Contents

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

For the quarter ended September 30, 2003, we had double-digit volume, sales and earnings growth despite strong base period comparisons and heavy competitive activity in certain of our core categories. Going forward, business and market uncertainties could affect results. For a discussion of key factors that could impact and must be managed by us, please refer to the Management s Discussion and Analysis section in our Annual Report on Form 10-K for the fiscal year ended June 30, 2003.

Unit volume increased 12 percent, with all business segments and all geographic regions reporting unit volume growth. Double-digit increases in Health Care, Beauty Care and developing regions helped drive the volume growth. Excluding acquisitions and divestitures, primarily the recently completed acquisition of Wella AG, unit volume increased nine percent.

Net sales increased 13 percent to $12.20 billion. Foreign exchange had a positive impact of three percent, partially offset by mix of one percent and pricing investments of one percent. The foreign exchange impact reflects the strengthening of the Euro, Canadian Dollar and British Pound partially offset by weakening of the Venezuelan Bolivar and the Mexican Peso. Mix was driven, in part, by higher than expected growth in developing markets, including strong growth in China, and the continued portfolio expansion into mid-tier brands. Pricing investments were directed toward activities to drive top line growth in multiple businesses and to respond to competitive activity on Crest Whitestrips and continued high competitive promotion levels in the bath tissue and kitchen towel categories.

We reported net earnings of $1.76 billion, an increase of 20 percent versus the prior year quarter. Earnings growth was primarily driven by volume impacts, the completion of the prior year restructuring program, which had $113 million of after-tax charges in the base period, and lower manufacturing costs, despite inclusion of ongoing costs for restructuring-type activities to maintain a competitive cost structure. These improvements were partially offset by marketing investments to support base business and new product growth.

Net earnings per share were $1.26, an increase of 21 percent. Net earnings in the prior year quarter were $1.46 billion or $1.04 per share. Wella did not have a significant impact on net earnings.

Gross margin was 51.8 percent for the quarter compared to 49.2 percent for the same quarter of the prior year, an increase of 260 basis points. The increase in gross margin was primarily driven by lower cost of products sold due to the scale effect of volume, the reduction of before-tax charges related to the completed restructuring program of $88 million in the prior year quarter and material cost savings, which more than offset certain commodity price increases. Other base business and restructuring savings in the quarter more than offset the pricing investments discussed previously.

Marketing, Research, Administration and Other Costs (MRA&O) for the quarter increased to 30.1 percent versus 29.0 percent in the prior year quarter. The increase was driven by marketing spending and the impact of the Wella acquisition, which more than offset the reduction in prior year restructuring program charges. Marketing investments were made to drive growth on the base business and in support of initiatives such as Crest Whitestrips and Night Effects, Olay Regenerist, Swiffer and Prilosec OTC. The addition of Wella contributed approximately one third of the basis point increase due to higher MRA&O spending as a percent of sales and initial post-acquisition costs.

Operating margin increased 150 basis points to 21.7 percent for the quarter, compared to 20.2 percent in the same quarter year ago. The improvement was driven by the reduction in prior year restructuring program charges and lower cost of products sold, partially offset by the impact of higher MRA&O spending discussed in the previous paragraph.

We entered into several multi-year service contracts for services estimated at $3.6 billion. The biggest of these went into effect during the quarter ended September 30, 2003, while the remainder will go into effect in future periods.

The following provides supplemental information on the underlying drivers of net sales changes:

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES
JULY-SEPTEMBER NET SALES INFORMATION
(Percent Change vs. Year Ago)**

	Volume	Vol Ex: Acquistions & Divestitures	FX	Price	Mix/Other	Total Impact	Total Ex-FX
FABRIC AND HOME CARE	8%	8%	3%	-1%	-2%	8%	5%
BABY AND FAMILY CARE	6%	6%	3%	-1%	-1%	7%	4%
BEAUTY CARE	21%	8%	3%	-1%	-3%	20%	17%
SNACKS AND BEVERAGES	3%	3%	3%	1%	2%	9%	6%
HEALTH CARE	23%	23%	3%	-2%	-1%	23%	20%
TOTAL COMPANY	12%	9%	3%	-1%	-1%	13%	10%

** These sales percentage changes are approximations based on quantitative formulas that are consistently applied.

Fabric and Home Care

Fabric & Home Care volume was up eight percent behind strong growth in global fabric care led by the developing regions and double-digit growth in global home care, with the continued success of the Swiffer WetJet and Duster, Dawn Power Dissolver and Dawn Complete and Febreze Anti-Allergen initiatives. Net sales increased eight percent to $3.39 billion. A three percent positive foreign exchange impact was offset by pricing and mix effects. Pricing reflects the continuation of pricing investments taken on select fabric care segments in North America, markets in Western Europe and on the Swiffer brand. Mix reduced sales by two percent driven by double-digit growth in developing geographies, including the expansion of Tide in China, and the expansion of mid-tier brands, including the growth of Bold in Japan. Net earnings increased to $562 million, or three percent versus a strong base period of 22 percent growth. Earnings were impacted by mix effects and increased marketing spending to support product initiatives. Fabric & Home Care earnings growth is expected to improve over the remainder of the fiscal year.

Baby and Family Care

Baby and Family Care unit volume increased six percent. Baby care volume growth was primarily driven by continued momentum in the Baby Stages of Development line in Western Europe and North America, growth in Japan and the broadening of the diaper product line in Latin America. Net sales grew seven percent to $2.61 billion, including a positive foreign exchange impact of three percent, partially offset by pricing investments of one percent and mix of one percent. Pricing was driven by continued high competitive promotional activity in North America family care. Earnings increased 22 percent to $295 million, due to strong volume growth and lower costs including the scale effects of volume.

Table of Contents

Beauty Care

Beauty Care volume increased 21 percent, including the benefit from acquisitions and divestitures, primarily Wella. Excluding acquisitions and divestitures, Beauty Care volume increased eight percent despite heavy competitive activity in North America. Net sales increased 20 percent to $3.75 billion, including a positive foreign exchange impact of three percent. Negative mix of three percent was driven by the impact of Wella and developing market growth. The solid base business results were driven by continued global strength of the Pantene, Head & Shoulders, Always/Whisper and Olay brands. Net earnings for Beauty Care increased 12 percent to $616 million driven by volume growth and lower manufacturing costs, partially offset by increased marketing spending to defend against competitive entries in the hair care and skin care categories. Marketing spending also increased to support initiatives, including Pantene Daily Moisture Renewal in Japan, the expansion of Olay Regenerist and continued support of Tampax Pearl.

Snacks and Beverages

Snacks & Beverages volume was up three percent reflecting growth in the Pringles and Folgers brands, partially offset by volume declines in the juice category. Net sales were $896 million, an increase of nine percent, reflecting the benefits of a three percent impact from foreign exchange and three percent from price and mix impacts. Positive pricing includes a partial pass-through of higher commodity costs. For the balance of the fiscal year, the Company expects pricing will have a neutral or slightly negative impact on sales based on the aggressive pricing environment of the coffee category. Net earnings increased 20 percent to $109 million behind volume and sales growth and margin expansion due to base business savings.

Health Care

Health Care delivered volume growth of 23 percent driven by the Prilosec OTC launch in September, the continued success of Actonel, Crest Whitestrips and Night Effects tooth whitening products and base business strength. Net sales increased 23 percent to $1.73 billion, as a positive three percent foreign exchange impact was offset by mix and pricing, primarily the actions on Crest Whitestrips taken in November 2002. Although Prilosec OTC was an important contributor to the quarter results, even without the launch, Health Care delivered double-digit volume, sales and earnings growth. Net earnings increased 41 percent to $276 million as strong volume, sales and lower product costs funded marketing investments behind base business growth and new product introductions. While double-digit top line growth is expected for the fiscal year, results in the remaining quarters are expected to return to consumption levels following the one-time pipeline impact from Prilosec OTC. Additionally, although Prilosec OTC volume was particularly strong with the launch, associated marketing expenses will continue throughout the year.

Corporate

Corporate includes certain operating and non-operating activities, as well as eliminations to adjust management reporting principles to United States Generally Accepted Accounting Principles (U.S. GAAP). Current quarter results primarily reflect lower restructuring program charges partially offset by one-time items in the prior year quarter, including the impact of the Vicks divestiture.

Financial Condition

For the three months ended September 30, 2003, cash generated from operating activities totaled $1.61 billion compared to $2.01 billion in the comparable prior year period. The decrease in cash from operations is due to increases in working capital, as well as base period impacts due to dividends received from a joint venture. Accounts receivable grew slightly ahead of sales since June 30, 2003. The year-over-year accounts receivable increase of $0.3 billion is attributed to sales growth, particularly the timing of the Prilosec OTC launch in September, offset to some extent by an underlying improvement in days sales outstanding. These trends follow a two-day improvement in receivables days outstanding in the prior year period. Inventory increased primarily due to initiative-related activity,

Table of Contents

shipment trends and capacity utilization planning. The slight increase in inventory days on hand (approximately two days, excluding inventory acquired from Wella) compares to a seven day decrease in the prior year period.

Investing activities used $5.30 billion of cash year-to-date compared to $0.20 billion used in the prior year period. The acquisition of Wella is the key driver accounting for approximately $5.10 billion. Our acquisition of Wella is discussed in Note 4 of the financial statements. There was no acquisition activity in the comparable prior year period. Capital spending increased to $364 million in the current year versus $281 million in the comparable prior year period. Capital spending as a percent of net sales was three percent, one percentage point below target.

Financing activities provided $1.96 billion in cash for the current fiscal year versus using $0.52 billion in the comparable prior year period. This generated a net cash increase of $2.48 billion driven primarily by short-term debt to support the Wella acquisition, partially offset by a decrease in long-term debt.

Restructuring Program Update

In 1999, concurrent with a reorganization of its operations into product-based global business units, we initiated a multi-year restructuring program. This program was substantially complete at the end of 2003. At June 30, 2003, there was a reserve liability balance remaining of $335 million for the program. This liability is expected to be settled by the end of 2004 through cash payments primarily for separation.

We continue to undertake projects to maintain a competitive cost structure, including manufacturing consolidations and work force rationalization, as part of our normal operations.

CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our consolidated ratio of earnings to fixed charges for the periods indicated.

	Three Months Ended September 30	
	2003	**2002**
Ratio of earnings to fixed charges(1)	16.3x	14.7x

(1) Earnings used to compute this ratio are earnings before income taxes and before fixed charges (excluding interest capitalized during the period) and after deducting undistributed earnings of equity method investees. Fixed charges consist of interest, whether expensed or capitalized, amortization of debt discount and expense, and one-third of all rent expense (considered representation of the interest factor).

Table of Contents

CAPITALIZATION

The following table sets forth the consolidated capitalization of Procter & Gamble and its subsidiaries at September 30, 2003.

	September 30, 2003 (in millions of dollars except per share amounts)
Debt:	
Commercial paper and other borrowing due within one year (1)	$ 5,286
Long-Term Borrowings	11,993
Total Debt (2)(3)	17,279
Shareholders Equity:	
Convertible Class A preferred stock, stated value $1 per share; 600,000,000 shares authorized, 1,567.2 outstanding	1,567
Non-Voting Class B preferred stock, stated value $1 per share; 200,000,000 shares authorized, none outstanding	
Common Stock, stated value $1 per share; 5,000,000,000 shares authorized, 1,296.7 outstanding	1,297
Additional Paid-In Capital	3,070
Reserve for Employee Stock Ownership Plan debt retirement	(1,293)
Accumulated other comprehensive income	(1,830)
Retained earnings	14,560
Total Shareholders Equity	17,371
Total capitalization	$ 34,650

(1) Includes $318 million equivalent to current portion of long-term debt due within one year. We maintain credit facilities in support of our short-term commercial paper borrowings. At September 30, 2003 our credit lines with banks amounted to $4.0 billion (none of which had been utilized as of November 17, 2003).

(2) Total debt includes $15.8 billion of The Procter & Gamble Company debt. The balance of debt is held by subsidiaries.

(3) On November 25, 2003, The Procter & Gamble Company issued $650,000,000 aggregate principal amount of notes due 2008 and $550,000,000 aggregate principal amount of notes due 2018. Following this debt issuance, our credit facilities in support of our short term commercial paper borrowings were reduced from $4.0 billion to $2.77 billion as of December 2, 2003.

Table of Contents

DESCRIPTION OF THE NOTES

The following descriptions of the particular terms of the notes (referred to in the accompanying prospectus as the Offered Debt Securities) supplements the more general description of the debt securities contained in the accompanying prospectus. If there are any inconsistencies between the information in this section and the information in the prospectus, the information in this section controls.

Investors should read this section together with the section entitled Description of Debt Securities in the accompanying prospectus. Any capitalized terms that are defined in the prospectus have the same meanings in this section unless a different definition appears in this section. We qualify the description of the notes by reference to the indenture as described below.

General

The notes:

- will be initially limited to $30,000,000 aggregate principal amount, subject to our ability to reopen and issue additional notes which may be of the same series as the notes as described under Further Issues,
- will mature on December 4, 2053,
- will be senior debt of Procter & Gamble, ranking equally with all other present and future unsecured and unsubordinated indebtedness of Procter & Gamble,
- will be issued as a separate series under the indenture between Procter & Gamble and J.P. Morgan Trust Company, National Association, successor in interest to Bank One Trust Company, National Association, dated as of September 28, 1992, in registered, book-entry form only,
- will be issued in U.S. dollars in denominations of $1,000 and integral multiples of $1,000,
- will be redeemable by us prior to the stated maturity at the times and prices described herein,
- will be repayable at the option of the holders prior to the stated maturity at the times and prices described herein,
- will be subject to defeasance and covenant defeasance, and
- will not be subject to any sinking fund.

The indenture and the notes do not limit the amount of indebtedness which may be incurred or the amount of securities which may be issued by us or our subsidiaries, and contain no financial or similar restrictions on us or our subsidiaries, except as described in the prospectus under the caption Description of Debt Securities Restrictive Covenants.

Interest and Principal

Payment of Interest and Principal

We will pay interest on the notes quarterly on March 4, June 4, September 4 and December 4 of each year and on any maturity date (each, an interest payment date), commencing March 4, 2004, to the persons in whose names the notes are registered at the close of business on the 15th calendar day (in each case, whether or not a business day) immediately preceding the related interest payment date; *provided, however,* that interest payable on any maturity date shall be payable to the person to whom the principal of such notes shall be payable. Interest on the notes will be computed on the basis of the actual number of days elapsed over a 360-day year.

We will pay the principal of and interest on each note to the registered holder in immediately available funds upon presentation of the notes if in certificated form at the office or agency we maintain for this purpose in the Borough of Manhattan, The City of New York, currently the corporate trust office of the trustee, in any coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debts; *provided, however,* that payment of interest may be made at our option by check mailed to the registered holder at the close of business on the regular record date at such address as shall appear in the security register or by wire transfer of immediately available funds to an account specified in writing by such holder to us and

the trustee prior to the relevant record date. Notwithstanding anything to the contrary in this prospectus supplement or the accompanying prospectus, so long as the notes are in book-entry form, we will make payments of principal and interest through the trustee to DTC.

Interest payable on any interest payment date or maturity date shall be the amount of interest accrued from, and including, the immediately preceding interest payment date in respect of which interest has been paid or duly provided for (or from and including the original issue date, if no interest has been paid or duly provided for with respect to the notes) to, but excluding, such interest payment date or maturity date, as the case may be. If any interest payment date (other than the maturity date) would otherwise be a day that is not a business day, such interest payment date will be postponed to the immediately succeeding day that is a business day, except that if such business day is in the immediately succeeding calendar month, such interest payment date (other than the maturity date) shall be the immediately preceding business day. If the maturity date of the notes falls on a day that is not a business day, the related payment of principal and interest will be made on the immediately succeeding business day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the immediately succeeding business day.

By business day we mean a day which is not a day when banking institutions in the city in which the trustee administers its corporate trust business, currently New York City, or in the place of payment, are authorized or required by law or regulation to be closed, and that is also a London business day , which is a day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

The term maturity, when used with respect to a note, means the date on which the principal of such note or an installment of principal becomes due and payable as therein provided or as provided in the indenture, whether at the stated maturity or by declaration of acceleration, call for redemption, repayment or otherwise.

Rate of Interest

The interest rate on the notes will be reset quarterly on March 4, June 4, September 4 and December 4 of each year, commencing March 4, 2004 (each, an interest reset date), and the notes will bear interest at a per annum rate equal to three-month LIBOR (as defined below) for the applicable interest reset period or initial interest period (each as defined below), less 0.35% (35 basis points). The interest rate for the initial interest period will be three-month LIBOR, determined as of two London business days prior to the original issue date, less 0.35% per annum. The initial interest period will be the period from and including the original issue date to but excluding the initial interest reset date. Thereafter, each interest reset period will be the period from and including an interest reset date to but excluding the immediately succeeding interest reset date; *provided* that the final interest reset period for the notes will be the period from and including the interest reset date immediately preceding the maturity date of such notes to but excluding the maturity date.

If any interest reset date would otherwise be a day that is not a business day, the interest reset date will be postponed to the immediately succeeding day that is a business day, except that if that business day is in the immediately succeeding calendar month, the interest reset date shall be the immediately preceding business day.

The interest rate in effect on each day will be (i) if that day is an interest reset date, the interest rate determined as of the interest determination date (as defined below) immediately preceding such interest reset date or (ii) if that day is not an interest reset date, the interest rate determined as of the interest determination date immediately preceding the most recent interest reset date or the original issue date, as the case may be.

Interest Rate Determination

The interest rate applicable to each interest reset period commencing on the related interest reset date, or the original issue date in the case of the initial interest period, will be the rate determined as of the applicable interest determination date. The interest determination date will be the second London business day immediately preceding the original issue date, in the case of the initial interest reset period, or thereafter the applicable interest reset date.

J.P. Morgan Trust Company, National Association, or its successor appointed by us, will act as calculation agent. Three-month LIBOR will be determined by the calculation agent as of the applicable interest determination date in accordance with the following provisions:

(i) LIBOR is the rate for deposits in U.S. dollars for the 3-month period which appears on Moneyline Telerate Page 3750 (as defined below) at approximately 11:00 A.M., London time, on the applicable interest determination date. Moneyline Telerate Page 3750 means the display designated on page 3750 on Moneyline Telerate (or such other page as may replace the 3750 page on that service, any successor service or such other service or services as may be nominated by the British Bankers Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits). If no rate appears on Moneyline Telerate Page 3750, LIBOR for such interest determination date will be determined in accordance with the provisions of paragraph (ii) below.

(ii) With respect to an interest determination date on which no rate appears on Moneyline Telerate Page 3750 as of approximately 11:00 a.m., London time, on such interest determination date, the calculation agent shall request the principal London offices of each of four major reference banks (which may include an affiliate of the underwriter) in the London interbank market selected by the calculation agent (after consultation with us) to provide the calculation agent with a quotation of the rate at which deposits of U.S. dollars having a three-month maturity, commencing on the second London business day immediately following such interest determination date, are offered by it to prime banks in the London interbank market as of approximately 11:00 a.m., London time, on such interest determination date in a principal amount equal to an amount of not less than U.S. $1,000,000 that is representative for a single transaction in such market at such time. If at least two such quotations are provided, LIBOR for such interest determination date will be the arithmetic mean of such quotations as calculated by the calculation agent. If fewer than two quotations are provided, LIBOR for such interest determination date will be the arithmetic mean of the rates quoted as of approximately 11:00 a.m., New York City time, on such interest determination date by three major banks (which may include affiliates of the underwriters) selected by the calculation agent (after consultation with us) for loans in U.S. dollars to leading European banks having a three-month maturity commencing on the second London business day immediately following such interest determination date and in a principal amount equal to an amount of not less than U.S. $1,000,000 that is representative for a single transaction in such market at such time; *provided, however,* that if the banks selected as aforesaid by the calculation agent are not quoting such rates as mentioned in this sentence, LIBOR for such interest determination date will be LIBOR determined with respect to the immediately preceding interest determination date.

All percentages resulting from any calculation of any interest rate for the notes will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point rounded upward and all dollar amounts will be rounded to the nearest cent, with one-half cent being rounded upward.

Promptly upon such determination, the calculation agent will notify us and the trustee (if the calculation agent is not the trustee) of the interest rate for the new interest reset period. Upon request of a holder of the notes, the calculation agent will provide to such holder the interest rate in effect on the date of such request and, if determined, the interest rate for the next interest reset period.

All calculations made by the calculation agent for the purposes of calculating interest on the notes shall be conclusive and binding on the holders and us, absent manifest error.

Optional Redemption

The notes may be redeemed at any time, at our option, in whole or in part, in amounts of $1,000 or any multiple of $1,000, at the following redemption prices (in each case expressed as a percentage of the principal amount), if redeemed during the 12-month period beginning on December 4 of any of the following years:

Table of Contents

Year	Redemption Price
2033	105.0%
2034	104.5%
2035	104.0%
2036	103.5%
2037	103.0%
2038	102.5%
2039	102.0%
2040	101.5%
2041	101.0%
2042	100.5%
2043	100.0%

and thereafter at 100% of the principal amount, in each case, together with any accrued and unpaid interest to the redemption date (subject to the right of holders of record on relevant record dates to receive interest due on an interest payment date).

We must mail notice of any redemption at least 30 days but not more than 60 days before the redemption date to each holder of the notes to be redeemed. Unless we default in the payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions of the notes called for redemption.

In the event of any redemption of less than all the outstanding notes, the particular notes (or portions of notes in multiples of $1,000) to be redeemed shall be selected by the trustee by the method the trustee considers fair and appropriate.

Repayment at Option of Holder

The notes will be repayable at the option of the holder of the notes, in whole or in part, on the repayment dates and at the repayment prices (in each case expressed as a percentage of the principal amount) set forth in the following table:

Date	Redemption Price
December 4, 2004	98.0%
December 4, 2005	98.0%
December 4, 2006	98.0%
December 4, 2007	98.0%
December 4, 2008	98.0%
December 4, 2009	99.0%
December 4, 2010	99.0%
December 4, 2011	99.0%
December 4, 2012	99.0%
December 4, 2013	99.0%
December 4, 2014	100.0%

and on December 4 of every third year thereafter at 100% of the principal amount, through and including December 4, 2053, in each case, together with any accrued and unpaid interest to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

In order for a note to be repaid, the paying agent must receive, at least 30 but not more than 60 calendar days before the optional repayment date, (1) the note with the form entitled Option to Elect Repayment on the

reverse of the note duly completed or (2) a telegram, facsimile transmission or a letter from a member of a national securities exchange or a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company in the United States which must set forth:

- the name of the holder of the note;
- the principal amount of the note;
- the principal amount of the note to be repaid;
- the certificate number or a description of the tenor and terms of the note;
- a statement that the option to elect repayment is being exercised; and
- a guarantee that the note is to be repaid.

These items, together with the duly completed form entitled Option to Elect Repayment on the reverse of the note, must be received by the Paying Agent not later than the fifth business day after the date of that telegram, facsimile transmission or letter. The repayment option may be exercised by the holder of a note for less than the entire principal amount of the note but, in that event, the principal amount of the note remaining outstanding after repayment must be in an authorized denomination.

Conditional Right to Shorten Maturity

We intend to deduct interest paid on the notes for United States Federal income tax purposes. However, there have been proposed tax law changes over the past several years that, among other things, would have prohibited an issuer from deducting interest payments on debt instruments with a maturity of more than 40 years. While none of these proposals has become law, we cannot assure you that similar legislation affecting our ability to deduct interest paid on the notes will not be enacted in the future or that any such legislation would not have a retroactive effective date. As a result, we cannot assure you that a tax event (as defined below) will not occur.

If a tax event occurs, we will have the right to shorten the maturity of the notes, without the consent of the holders of the notes, to the minimum extent required, in the opinion of nationally recognized independent tax counsel, so that, after shortening the maturity, interest paid on the notes will be deductible for United States Federal income tax purposes or, if that counsel cannot opine definitively as to such a minimum period, the minimum extent so required to maintain our interest deduction to the extent deductible under current law as determined in good faith by our board of directors, after receipt of an opinion of that counsel regarding the applicable legal standards. In that case, the amount payable on those notes on that new maturity date will be equal to 100% of the principal amount of those notes plus interest accrued on those notes to the date those notes mature on that new maturity date. We cannot assure you that we would not exercise our right to shorten the maturity of those notes if a tax event occurs or as to the period that the maturity would be shortened. If we elect to exercise our right to shorten the maturity of the notes when a tax event occurs, we will mail a notice to each holder of notes by first-class mail not more than 60 days after the occurrence of the tax event, stating the new maturity date of the notes. This notice shall be effective immediately upon mailing.

We believe that the notes should constitute indebtedness for United Stated Federal income tax purposes under current law and, in that case, an exercise of our right to shorten the maturity of the notes should not be a taxable event to holders for those purposes. Prospective investors should be aware, however, that our exercise of our right to shorten the maturity of the notes will be a taxable event to holders for United States Federal income tax purposes if the notes are treated as equity for United States Federal income tax purposes before the maturity is shortened, assuming that the notes of shortened maturity are treated as debt for those purposes.

Tax event means that we shall have received an opinion of nationally recognized independent tax counsel to the effect that, as a result of:

any amendment to, clarification of, or change (including any announced prospective amendment, clarification or change) in any law, or any regulation thereunder, of the United States;

any judicial decision, official administrative pronouncement, ruling, regulatory procedure, regulation, notice or announcement, including any notice or announcement of intent to adopt or promulgate any ruling, regulatory procedure or regulation (any of the foregoing, an administrative or judicial action); or

any amendment to, clarification of, or change in any official position with respect to, or any interpretation of, an administrative or judicial action or a law or regulation of the United States that differs from the previously generally accepted position or interpretation,

in each case, occurring on or after December 4, 2003, there is more than an insubstantial increase in the risk that interest paid by us on the notes is not, or will not be, deductible, in whole or in part, by us for United States Federal income tax purposes.

Notes Used as Qualified Replacement Property

Prospective investors seeking to treat the notes as qualified replacement property for purposes of section 1042 of the Internal Revenue Code of 1986, as amended (the Code), should be aware that section 1042 requires the issuer to meet certain requirements in order for the notes to constitute qualified replacement property. In general, qualified replacement property is a security issued by a domestic corporation that did not, for the taxable year preceding the taxable year in which such security was purchased, have passive investment income in excess of 25 percent of the gross receipts of such corporation for such preceding taxable year (the Passive Income Test). For purposes of the Passive Income Test, where the issuing corporation is in control of one or more corporations, all such corporations are treated as one corporation (the Affiliated Group) for the purposes of computing the amount of passive investment income for purposes of section 1042.

We believe that less than 25 percent of our Affiliated Group s gross receipts is passive investment income for the taxable year ending June 30, 2003. In making this determination, we have made certain assumptions and used procedures which we believe are reasonable. We cannot give any assurance as to whether we will continue to meet the Passive Income Test. It is, in addition, possible that the Internal Revenue Service may disagree with the manner in which we have calculated our Affiliated Group s gross receipts (including the characterization of those gross receipts) and passive investment income and the conclusions reached in this discussion. Prospective purchasers of the notes should consult with their own tax advisors with respect to these and other tax matters relating to the notes.

Further Issues

We may from time to time, without notice to or the consent of the registered holders of the notes, create and issue further notes of this series ranking equally with the notes of this series in all respects (or in all respects other than the payment of interest accruing prior to the issue date of such further notes or except for the first payment of interest following the issue date of such further notes). Such further notes may be consolidated and form a single series with the notes of this series and have the same terms as to status, redemption or otherwise as the notes of this series.

Book-Entry System

We have obtained the information in this section concerning The Depository Trust Company (DTC) and its book-entry system and procedures from sources that we believe to be reliable, but we take no responsibility for the accuracy of this information. In addition, the description of the clearing system in this section reflects our understanding of the rules and procedures of DTC as they are currently in effect. DTC could change its rules and procedures at any time.

(8.2)
Pension and other post-retirement plan contributions (11.8) (10.4)
Purchases of permanent displays (17.7) (20.2)
Other, net (4.1) (3.4)

Net cash provided by operating activities 40.5 18.0

CASH FLOWS FROM INVESTING ACTIVITIES:
Capital expenditures (7.6) (5.8)
Proceeds from the sale of certain assets 0.2 2.3

Net cash used in investing activities (7.4) (3.5)

CASH FLOWS FROM FINANCING ACTIVITIES:
Net decrease in short-term borrowings and overdraft (0.3) (0.3)
Borrowings under the 2006 Revolving Credit Facility, net 1.5
Repayments under the 2006 Term Loan Facility (815.0) (18.7)
Borrowings under the 2010 Term Loan Facility, net 784.0
Repayment of long-term debt (22.9)
Payment of financing costs (17.1) (0.4)

Net cash used in financing activities (48.4) (40.8)

CASH FLOWS FROM DISCONTINUED OPERATIONS ACTIVITIES:
Net cash used in discontinued operating activities (0.2)

Net cash used in discontinued operations (0.2)

Effect of exchange rate changes on cash and cash equivalents (0.6) 0.9

Net decrease in cash and cash equivalents (15.9) (25.6)
Cash and cash equivalents at beginning of period 54.5 52.8

Cash and cash equivalents at end of period $ 38.6 $ 27.2

Supplemental schedule of cash flow information:
Cash paid during the period for:
Interest $ 35.4 $ 51.1
Preferred stock dividends $ 3.1 $
Income taxes, net of refunds $ 9.6 $ 7.8

Supplemental schedule of non-cash investing and financing activities:
Treasury stock received to satisfy minimum tax withholding liabilities $ 2.4 $ 0.6 **See Accompanying Notes to Unaudited Consolidated Financial Statements**

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

(1) Description of Business and Basis of Presentation

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

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

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

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

Table of Contents

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)

(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 will be 5% of eligible compensation, to be credited on a quarterly basis. (The savings plan amendments described above 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 second quarter and first half of 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 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 the second quarter of 2009, the Company recorded an $8.6 million decrease in its pension liabilities which was offset against accumulated other comprehensive income (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 addition, the Company recognized a decrease in its estimated pension expense of $1.1 million in the second quarter of 2009, which included 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.

Table of Contents

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

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

	Pension Plans Three Months Ended June 30,		Other Post-retirement Benefit Plans Three Months Ended June 30,	
	2010	**2009**	**2010**	**2009**
Net periodic benefit costs:				
Service cost	$ 0.4	$ 1.9	$	$
Interest cost	8.4	8.8	0.2	0.2
Expected return on plan assets	(8.0)	(6.9)		
Amortization of actuarial (gain) loss	(0.1)	3.3		
Curtailment gain		(0.8)		
	0.7	6.3	0.2	0.2
Portion allocated to Revlon Holdings LLC	(0.1)	(0.1)		
	$ 0.6	$ 6.2	$ 0.2	$ 0.2

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

	Pension Plans Six Months Ended June 30,		Other Post-retirement Benefit Plans Six Months Ended June 30,	
	2010	**2009**	**2010**	**2009**
Net periodic benefit costs:				
Service cost	$ 0.8	$ 4.0	$	$
Interest cost	16.9	17.4	0.4	0.4
Expected return on plan assets	(16.1)	(13.6)		
Amortization of prior service cost		(0.1)		
Amortization of actuarial loss	2.6	6.6	0.1	
Curtailment gain		(0.8)		
	4.2	13.5	0.5	0.4
Portion allocated to Revlon Holdings LLC	(0.1)	(0.1)		

	$ 4.1	$ 13.4	$ 0.5	$ 0.4

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 second quarter of 2010, $5.8 million and $0.2 million were contributed to the Company s pension plans and other post-retirement benefit plans, respectively. During the first half of 2010, $11.4 million and $0.4 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.

Table of Contents

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)

(3) Inventories

	June 30, 2010	December 31, 2009
Raw materials and supplies	$ 37.8	$ 42.7
Work-in-process	10.9	12.0
Finished goods	73.7	64.5
	$ 122.4	$ 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 six months ended June 30, 2010 and 2009, options to purchase 1,132,216 and 1,330,242 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 six months ended June 30, 2010, 291,185 and 294,061 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.

For the three and six months ended June 30, 2009, 1,315,454 and 1,305,836 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.

Table of Contents

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 second quarter and first half of 2010 and 2009, respectively, are as follows:

		Three Months Ended June 30,		Six Months Ended June 30,	
		2010	2009	2010	2009
		(shares in millions)			
Numerator:					
Income (loss) from continuing operations		$ 16.0	$ (0.1)	$ 18.2	$ 12.6
Income from discontinued operations		0.4	0.3	0.4	0.3
Net income		$ 16.4	$ 0.2	$ 18.6	$ 12.9
Denominator:					
Weighted average common shares outstanding	Basic	51.89	51.53	51.88	51.52
Effect of dilutive restricted stock		0.42		0.42	0.01
Weighted average common shares outstanding	Diluted	52.31	51.53	52.30	51.53
Basic earnings (loss) per share:					
Continuing operations		$ 0.31	$ (0.00)	$ 0.35	$ 0.24
Discontinued operations		0.01	0.01	0.01	0.01
Net income		$ 0.32	$ 0.00	$ 0.36	$ 0.25
Diluted earnings (loss) per share:					
Continuing operations		$ 0.31	$ (0.00)	$ 0.35	$ 0.24
Discontinued operations		0.01	0.01	0.01	0.01
Net income		$ 0.31	$ 0.00	$ 0.36	$ 0.25

(5) Comprehensive Income

The components of comprehensive income for the second quarter and first half of 2010 and 2009, respectively, are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Net income	$ 16.4	$ 0.2	$ 18.6	$ 12.9

Other comprehensive (loss) income:				
Revaluation of financial derivative instruments[a]		1.2	1.7	1.3
Currency translation adjustment	(1.6)	7.1	(0.8)	7.4
Amortization of pension related costs[b]	(0.1)	2.5	2.7	5.7
Pension re-measurement[c]		(0.6)		(0.6)
Pension curtailment gain[c]		9.2		9.2
Total other comprehensive (loss) income	(1.7)	19.4	3.6	23.0
Comprehensive income	$ 14.7	$ 19.6	$ 22.2	$ 35.9

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)

(a) The amount for the six months ended June 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 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, in this Form 10-Q) 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 six months ended June 30, 2009 relates to (1) net unrealized losses of $0.9 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 $3.0 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 second quarter of 2010 and 2009, respectively, and the first half of 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, in this Form 10-Q.)

(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 and the balance of $2.6 million expected to be paid thereafter.

During the second quarter of 2010 a $0.2 million favorable adjustment was recorded to restructuring costs associated with the May 2009 Program.

During the second quarter of 2009, the Company recorded charges of $18.3 million in restructuring costs and other, which are comprised of (1) an $18.2 million charge related to the May 2009 Program and (2) a $0.1 million charge related to the 2008 Programs (as hereinafter defined).

During the first half of 2009, the Company recorded charges of $18.8 million in restructuring costs and other, net, which are comprised of:

an $18.2 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.

Table of Contents

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

The Company 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 first half of 2010 are as follows:

	Balance as of January 1, 2010	(Income) Expenses, Net	Utilized, Net Cash	Utilized, Net Noncash	Balance as of June 30, 2010
Employee severance and other personnel benefits:					
2008 Programs	$ 0.3	$	$ (0.2)	$	$ 0.1
2009 Programs	7.6	(0.1)	(4.8)		2.7
	7.9	(0.1)	(5.0)		2.8
Lease exit	2.3	(0.1)	(0.3)		1.9
Total restructuring costs and other, net	$ 10.2	$ (0.2)	$ (5.3)	$	$ 4.7

(7) Geographic, Financial and Other Information

The Company manages its business on the basis of one reportable operating segment. As of June 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.

	Three Months Ended June 30, 2010		Three Months Ended June 30, 2009		Six Months Ended June 30, 2010		Six Months Ended June 30, 2009	
Geographic area:								
Net sales:								
United States	$ 179.3	*55%*	$ 186.2	*58%*	$ 361.4	*57%*	$ 377.2	*60%*
Outside of the United States	148.4	*45%*	135.6	*42%*	271.8	*43%*	247.9	*40%*
	$ 327.7		$ 321.8		$ 633.2		$ 625.1	

	June 30, 2010		December 31, 2009	
Long-lived assets:				
United States	$ 310.6	*80%*	$ 308.6	*79%*
Outside of the United States	79.9	*20%*	82.0	*21%*
	$ 390.5		$ 390.6	

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)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2010		2009		2010		2009	
Classes of similar products:								
Net sales:								
Color cosmetics	$ 206.2	*63%*	$ 197.5	*61%*	$ 399.9	*63%*	$ 390.8	*63%*
Beauty care and fragrance	121.5	*37%*	124.3	*39%*	233.3	*37%*	234.3	*37%*
	$ 327.7		$ 321.8		$ 633.2		$ 625.1	

(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 June 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:

	Total	Level 1	Level 2	Level 3
Assets:				
Derivatives:				
FX Contracts[a]	$ 0.8	$	$ 0.8	$
Total assets at fair value	$ 0.8	$	$ 0.8	$
Liabilities:				
Derivatives:				
FX Contracts[a]	$ 0.2	$	$ 0.2	$
Redeemable Preferred Stock[b]	0.2			0.2
Total liabilities at fair value	$ 0.4	$	$ 0.2	$ 0.2

Table of Contents

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)

(a) The fair value of the Company s FX Contracts was measured based on observable market transactions of spot and forward rates at June 30, 2010. (See Note 9, Financial Instruments, in this Form 10-Q.)

(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 dividends on the Preferred Stock. If the per share equity value received in the change of control transaction is less than $12.00, then each holder of Preferred Stock is entitled to receive an amount equal to such per share equity value minus the Liquidation Preference minus any paid and/or accrued and unpaid dividends on the Preferred Stock. If the per share equity value received in the change of control transaction does not exceed the Liquidation Preference plus any paid and/or accrued and unpaid dividends, then each holder of the Preferred Stock is not entitled to an additional payment upon any such change of control transaction (the foregoing payments being the Change of Control Amount). The fair value of the Change of Control Amount of the Preferred Stock, which 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 June 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 June 30, 2010 was approximately $1,213.6 million, which was less than the carrying value of such debt and Preferred Stock at June 30, 2010 of $1,217.8 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.

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 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 $21.8 million and $12.2 million (including amounts available under credit agreements in effect at that time) were maintained at June 30, 2010 and December 31, 2009, respectively. Included in these amounts is approximately $9.3 million at both June 30, 2010 and December 31, 2009 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 June 30, 2010 and December 31, 2009 was $43.5 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, in this Form 10-Q) (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 defined in Note 10, Long-Term Debt and Redeemable Preferred Stock, in this Form 10-Q), effective

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)

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 June 30, 2010 and December 31, 2009, respectively:

	Fair Values of Derivative Instruments					
	Assets			Liabilities		
Derivatives:	**Balance Sheet Classification**	**June 30, 2010 Fair Value**	**December 31, 2009 Fair Value**	**Balance Sheet Classification**	**June 30, 2010 Fair Value**	**December 31, 2009 Fair Value**
Derivatives designated as hedging instruments:						
2008 Interest Rate Swap[a][b]	Prepaid expenses	$	$	Accrued expenses	$	$ 1.8
Derivatives not designated as hedging instruments:						
FX Contracts[c]	Prepaid expenses	0.8	0.1	Accrued expenses	0.2	1.7
		$ 0.8	$ 0.1		$ 0.2	$ 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.) In April 2010, the 2008 Interest Rate Swap expired.

(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 June 30, 2010 and December 31, 2009 were determined by using observable market transactions of spot and forward rates at June 30, 2010 and December 31, 2009, respectively.

Table of Contents

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)

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

	Derivative Instruments Gain (Loss) Effect on Consolidated Statement of Operations for the Three Months Ended June 30,				
	Amount of Gain (Loss) Recognized in OCI (Effective Portion)		Income Statement Classification of Gain (Loss) Reclassified from OCI to Income	Amount of Gain (Loss) Reclassified from OCI to Income (Effective Portion)	
	2010	2009		2010	2009
Derivatives designated as hedging instruments:					
2008 Interest Rate Swap[a]	$	$ 1.2	Interest expense	$	$ (1.9)

	Amount of Gain (Loss) Recognized in Foreign Currency Gains (Losses), Net		Income Statement Classification of Gain (Loss) Reclassified from OCI to Income	Amount of Gain (Loss) Recognized in Interest Expense (Ineffective Portion)	
	2010	2009		2010	2009
Derivatives not designated as hedging instruments:					
FX Contracts	$ 1.1	$ (4.3)	Interest expense	$	$
2008 Interest Rate Swap[a]			Interest expense		
	$ 1.1	$ (4.3)		$	$

[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.)

Table of Contents

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)

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

	Derivative Instruments Gain (Loss) Effect on Consolidated Statement of Operations for the Six Months Ended June 30,				
	Amount of Gain (Loss) Recognized in OCI (Effective Portion)		Income Statement Classification of Gain (Loss) Reclassified from OCI to Income	Amount of Gain (Loss) Reclassified from OCI to Income (Effective Portion)	
	2010	2009		2010	2009
Derivatives designated as hedging instruments:					
2008 Interest Rate Swap[a]	$	$ (4.1)	Interest expense	$ (0.9)	$ (2.2)

	Amount of Gain (Loss) Recognized in Foreign Currency Gains (Losses), Net		Income Statement Classification of Gain (Loss) Reclassified from OCI to Income	Amount of Gain (Loss) Recognized in Interest Expense (Ineffective Portion)	
	2010	2009		2010	2009
Derivatives not designated as hedging instruments:					
FX Contracts	$ 0.6	$ (3.4)	Interest expense	$	$
2008 Interest Rate Swap[a]			Interest expense	(0.8)	
	$ 0.6	$ (3.4)		$ (0.8)	$

[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.)

(10) Long-Term Debt and Redeemable Preferred Stock

	June 30,	December 31,

	2010	2009
2010 Term Loan Facility due 2015, net of discounts[(a)]	$ 784.7	$
2006 Term Loan Facility due 2012[(a)]		815.0
2010 Revolving Credit Facility due 2014[(a)]		
93/4% Senior Secured Notes due 2015, net of discounts[(b)]	326.6	326.4
Senior Subordinated Term Loan due 2014[(c)]	58.4	58.4
	1,169.7	1,199.8
Less current portion	(8.0)	(13.6)
	1,161.7	1,186.2
Redeemable Preferred Stock[(d)]	48.1	48.0
	$ 1,209.8	$ 1,234.2

[(a)] 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 Revolving Credit Facility, each due January 2012, by entering into the 2010 Term Loan Facility due

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)

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).

(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 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 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%

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)

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.

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;

Table of Contents

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)

(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);

(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.

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 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 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.

Table of Contents

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)

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 $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;

Table of Contents

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)

(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 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 June 30, 2010. At June 30, 2010, the aggregate principal amount outstanding under the 2010 Term Loan Facility was $798.0 million and availability under the $140.0 million 2010 Revolving Credit Facility, based upon the calculated borrowing base less $21.8 million of outstanding undrawn letters of credit

and nil then drawn on the 2010 Revolving Credit Facility, was $106.6 million.

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)

(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 and 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 second quarter of 2010 and 2009, the Company recorded a provision for (benefit from) income taxes for continuing operations of $4.8 million and $(0.2) million, respectively. The $4.8 million provision for income taxes for the second quarter of 2010, as compared to the $0.2 million benefit from income taxes for the second quarter of 2009, was primarily attributable to the favorable resolution of a tax contingency in the U.S in the second quarter of 2009 and higher taxable income for taxable subsidiaries in certain foreign jurisdictions in the second quarter of 2010, as compared to the second quarter of 2009.

For the first half of 2010 and 2009, the Company recorded a provision for (benefit from) income taxes for continuing operations of $9.8 million and $(2.2) million, respectively. The $9.8 million provision for income taxes in the first half of 2010, as compared to the $2.2 million benefit from income taxes for the first half of 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 first half of 2009 and higher taxable income for taxable subsidiaries in certain foreign jurisdictions in the first half of 2010, as compared to the first half of 2009.

The Company remains subject to examination of its income tax returns in various jurisdictions including, without limitation, the U.S. (federal) and South Africa, for tax years ended December 31, 2006 through December 31, 2009, and Australia, for tax years ended December 31, 2005 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). (See Note 13, Subsequent Event, in this Form 10-Q.)

The following Condensed Consolidating Financial Statements present the financial information as of June 30, 2010 and December 31, 2009, and for the three and six months ended June 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.

25

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)

Consolidating Condensed Balance Sheets
As of June 30, 2010

	Products Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	$ 5.4	$ 0.1	$ 33.1	$	$ 38.6
Trade receivables, less allowances for doubtful accounts	78.0	15.3	78.8		172.1
Inventories	76.5	4.0	41.9		122.4
Prepaid expenses and other	72.6	4.4	24.6		101.6
Intercompany receivables	879.5	445.7	308.6	(1,633.8)	
Investment in subsidiaries	(258.9)	(215.2)		474.1	
Property, plant and equipment, net	93.1	0.8	14.7		108.6
Other assets	60.8	3.5	29.3		93.6
Goodwill, net	150.6	30.0	1.9		182.5
Total assets	$ 1,157.6	$ 288.6	$ 532.9	$ (1,159.7)	$ 819.4
LIABILITIES AND STOCKHOLDER S DEFICIENCY					
Short-term borrowings	$	$ 4.5	$ 1.2	$	$ 5.7
Current portion of long-term debt	8.0				8.0
Accounts payable	58.2	5.2	25.3		88.7
Accrued expenses and other	134.3	8.7	59.5		202.5
Intercompany payables	505.8	615.2	512.8	(1,633.8)	
Long-term debt	1,103.3				1,103.3
Long-term debt affiliates	107.0				107.0
Other long-term liabilities	206.2	13.5	49.7		269.4
Total liabilities	2,122.8	647.1	648.5	(1,633.8)	1,784.6
Stockholder s deficiency	(965.2)	(358.5)	(115.6)	474.1	(965.2)
Total liabilities and stockholder s deficiency	$ 1,157.6	$ 288.6	$ 532.9	$ (1,159.7)	$ 819.4

Table of Contents

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)

Consolidating Condensed Balance Sheets
As of December 31, 2009

	Products Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
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
Total assets	$ 1,153.5	$ 286.1	$ 526.3	$ (1,135.4)	$ 830.5
LIABILITIES AND STOCKHOLDER S DEFICIENCY					
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
Total liabilities	2,147.3	634.8	640.8	(1,598.6)	1,824.3
Stockholder s deficiency	(993.8)	(348.7)	(114.5)	463.2	(993.8)
Total liabilities and stockholder s deficiency	$ 1,153.5	$ 286.1	$ 526.3	$ (1,135.4)	$ 830.5

Table of Contents

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)

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

	Products Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net Sales	$ 214.8	$ 16.9	$ 135.7	$ (39.7)	$ 327.7
Cost of Sales	89.0	7.1	50.6	(39.7)	107.0
Gross profit	125.8	9.8	85.1		220.7
Selling, general and administrative expenses	105.0	7.2	59.4		171.6
Restructuring costs and other, net	(0.1)		(0.1)		(0.2)
Operating income	20.9	2.6	25.8		49.3
Other expenses (income):					
Intercompany interest, net	0.7	(0.2)	1.1		1.6
Interest expense	22.8		0.1		22.9
Amortization of debt issuance costs	1.0				1.0
Foreign currency losses(gains), net	0.2	0.2	(0.3)		0.1
Miscellaneous, net	(21.9)	10.9	11.5		0.5
Other expenses, net	2.8	10.9	12.4		26.1
Income (loss) from continuing operations before income taxes	18.1	(8.3)	13.4		23.2
(Benefit from) provision for income taxes	(1.3)	2.0	4.1		4.8
Income (loss) from continuing operations	19.4	(10.3)	9.3		18.4
Income from discontinued operations, net of taxes	0.4				0.4
Equity in (loss) income of subsidiaries	(1.0)	2.6		(1.6)	
Net income (loss)	$ 18.8	$ (7.7)	$ 9.3	$ (1.6)	$ 18.8

Table of Contents

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)

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

	Products Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net Sales	$ 216.7	$ 19.7	$ 121.0	$ (35.6)	$ 321.8
Cost of Sales	97.5	8.9	49.8	(35.6)	120.6
Gross profit	119.2	10.8	71.2		201.2
Selling, general and administrative expenses	93.6	8.6	52.1		154.3
Restructuring costs and other, net	13.8	0.5	4.0		18.3
Operating income	11.8	1.7	15.1		28.6
Other expenses (income):					
Intercompany interest, net	(0.7)	(0.4)	1.1		
Interest expense	23.9		0.1		24.0
Interest income			(0.2)		(0.2)
Amortization of debt issuance costs	1.4				1.4
Gain on early extinguishment of debt, net	(0.5)				(0.5)
Foreign currency (gains) losses, net	(1.4)	1.0	2.5		2.1
Miscellaneous, net	(6.8)	(4.3)	11.2		0.1
Other expenses (income), net	15.9	(3.7)	14.7		26.9
(Loss) income from continuing operations before income taxes	(4.1)	5.4	0.4		1.7
(Benefit from) provision for income taxes	(4.2)	1.8	2.6		0.2
Income (loss) from continuing operations	0.1	3.6	(2.2)		1.5
Income from discontinued operations, net of taxes	0.3				0.3
Equity in income (loss) of subsidiaries	1.4	(2.2)		0.8	
Net income (loss)	$ 1.8	$ 1.4	$ (2.2)	$ 0.8	$ 1.8

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)

Consolidating Condensed Statement of Operations
For the Six Months Ended June 30, 2010

	Products Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net Sales	$ 423.3	$ 30.2	$ 251.5	$ (71.8)	$ 633.2
Cost of Sales	179.6	13.1	94.8	(71.8)	215.7
Gross profit	243.7	17.1	156.7		417.5
Selling, general and administrative expenses	196.0	16.4	108.9		321.3
Restructuring costs and other, net	(0.1)		(0.1)		(0.2)
Operating income	47.8	0.7	47.9		96.4
Other expenses (income):					
Intercompany interest, net	1.5	(0.6)	2.2		3.1
Interest expense	44.1	0.1	0.1		44.3
Interest income			(0.2)		(0.2)
Amortization of debt issuance costs	2.4				2.4
Loss on early extinguishment of debt, net	9.7				9.7
Foreign currency (gains) losses, net	(4.3)	(0.2)	8.4		3.9
Miscellaneous, net	(28.9)	7.4	22.3		0.8
Other expenses, net	24.5	6.7	32.8		64.0
Income (loss) from continuing operations before income taxes	23.3	(6.0)	15.1		32.4
(Benefit from) provision for income taxes	(1.3)	2.7	8.4		9.8
Income (loss) from continuing operations	24.6	(8.7)	6.7		22.6
Income from discontinued operations, net of taxes	0.4				0.4
Equity in (loss) income of subsidiaries	(2.0)	(1.4)		3.4	
Net income (loss)	$ 23.0	$ (10.1)	$ 6.7	$ 3.4	$ 23.0

Table of Contents

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)

Consolidating Condensed Statement of Operations
For the Six Months Ended June 30, 2009

	Products Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net Sales	$ 431.9	$ 34.2	$ 225.3	$ (66.3)	$ 625.1
Cost of Sales	190.8	15.1	92.0	(66.3)	231.6
Gross profit	241.1	19.1	133.3		393.5
Selling, general and administrative expenses	196.8	16.7	99.3		312.8
Restructuring costs and other, net	14.6	0.9	3.3		18.8
Operating income	29.7	1.5	30.7		61.9
Other expenses (income):					
Intercompany interest, net	(1.8)	(0.9)	2.7		
Interest expense	48.0		0.1		48.1
Interest income			(0.4)		(0.4)
Amortization of debt issuance costs	2.8				2.8
Gain on early extinguishment of debt, net	(7.5)				(7.5)
Foreign currency (gains) losses, net	(0.8)	0.9	4.4		4.5
Miscellaneous, net	(28.0)	7.1	21.2		0.3
Other expenses, net	12.7	7.1	28.0		47.8
Income (loss) from continuing operations before income taxes	17.0	(5.6)	2.7		14.1
(Benefit from) provision for income taxes	(25.7)	23.8			(1.9)
Income (loss) from continuing operations	42.7	(29.4)	2.7		16.0
Income from discontinued operations, net of taxes	0.3				0.3
Equity in (loss) income of subsidiaries	(26.7)	3.2		23.5	
Net income (loss)	$ 16.3	$ (26.2)	$ 2.7	$ 23.5	$ 16.3

31

Table of Contents

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)

Consolidating Condensed Statement of Cash Flow
For the Six Months Ended June 30, 2010

	Products Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net cash provided by (used in) operating activities	$ 37.2	$ (3.9)	$ 6.7	$	$ 40.0
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures	(6.7)		(0.9)		(7.6)
Proceeds from sales of certain assets	0.1		0.1		0.2
Net cash used in investing activities	(6.6)		(0.8)		(7.4)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Net (decrease) increase in short-term borrowings and overdraft	(5.0)	3.6	1.1		(0.3)
Repayments under the 2006 Term Loan Facility	(815.0)				(815.0)
Borrowings under the 2010 Term Loan Facility, net	784.0				784.0
Payment of financing costs	(16.6)				(16.6)
Net cash (used in) provided by financing activities	(52.6)	3.6	1.1		(47.9)
Effect of exchange rate changes on cash and cash equivalents			(0.6)		(0.6)
Net (decrease) increase in cash and cash equivalents	(22.0)	(0.3)	6.4		(15.9)
Cash and cash equivalents at beginning of period	27.4	0.4	26.7		54.5
Cash and cash equivalents at end of period	$ 5.4	$ 0.1	$ 33.1	$	$ 38.6

Table of Contents

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)

Consolidating Condensed Statement of Cash Flow
For the Six Months Ended June 30, 2009

	Products Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net cash provided by (used in) operating activities	$ 27.8	$ (0.8)	$ (9.4)	$	$ 17.6
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures	(4.9)		(0.9)		(5.8)
Proceeds from sales of certain assets			2.3		2.3
Net cash (used in) provided by investing activities	(4.9)		1.4		(3.5)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Net (decrease) increase in short-term borrowings and overdraft	(0.5)	(0.1)	0.3		(0.3)
Borrowings under the 2006 Revolving Credit Facility, net	1.5				1.5
Repayment of long-term debt	(41.5)		(0.1)		(41.6)
Net cash (used in) provided by financing activities	(40.5)	(0.1)	0.2		(40.4)
Net cash used in discontinued operations	(0.2)				(0.2)
Effect of exchange rate changes on cash and cash equivalents		0.2	0.7		0.9
Net decrease in cash and cash equivalents	(17.8)	(0.7)	(7.1)		(25.6)
Cash and cash equivalents at beginning of period	18.7	0.9	33.2		52.8
Cash and cash equivalents at end of period	$ 0.9	$ 0.2	$ 26.1	$	$ 27.2

(13) Subsequent Event

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 amount 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.

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

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.

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

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 second quarter of 2010 were $327.7 million, an increase of $5.9 million, or 1.8%, compared to $321.8 million in the second quarter of 2009. Consolidated net sales for the first half of 2010 were $633.2 million, an increase of $8.1 million, or 1.3%, compared to $625.1 million for the first half of 2009. Excluding the unfavorable impact of foreign currency fluctuations of $0.5 million, consolidated net sales increased by 2.0% in the second quarter of 2010, driven by higher net sales in the Company s Latin America, Europe, Middle East and Africa and Canada regions, partially offset by lower net sales in the U.S. and the Company s Asia Pacific region. Excluding the favorable impact of foreign currency fluctuations of $8.5 million, consolidated net sales decreased by 0.1% in the first half of 2010, driven by lower net sales in the U.S. and the Company s Asia Pacific region, partially offset by higher net sales in the Company s Latin America, Europe, Middle East and Africa and Canada regions.

Consolidated net income for the second quarter of 2010 was $16.4 million, compared to $0.2 million in the second quarter of 2009. In the first half of 2010, consolidated net income was $18.6 million, compared to $12.9 million in the first half of 2009. The improvement in consolidated net income in the second quarter of 2010, compared to the second quarter of 2009, was primarily due to:

$19.5 million of higher gross profit primarily due to a $13.6 million improvement in cost of sales and a $5.9 million improvement in consolidated net sales; and

$18.5 million of lower restructuring costs and other, net;

with the foregoing partially offset by:

- $17.3 million of higher SG&A expenses, driven primarily by $20.2 million of higher advertising expenses to support the Company s brands; and

- a $4.8 million provision for income taxes in the second quarter of 2010, as compared to a $0.2 million benefit from income taxes in the second quarter of 2009.

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

The improvement in consolidated net income in the first half of 2010 compared to the first half of 2009 was primarily due to:

$24.0 million of higher gross profit primarily due to a $15.9 million improvement in cost of sales and an $8.1 million improvement in consolidated net sales; and

$19.0 million of lower restructuring costs and other, net;

with the foregoing partially offset by:

a $9.7 million loss on the early extinguishment of debt in the first half of 2010, as compared to the $7.5 million gain related to the early extinguishment of debt in the first half of 2009;

$8.5 million of higher SG&A expenses, driven primarily by $13.2 million of higher advertising expenses to support the Company s brands; and

a $9.8 million provision for income taxes in the first half of 2010, as compared to a $2.2 million benefit from income taxes in the first half of 2009.

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

Table of Contents

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

of fees and expenses incurred in connection with consummating the 2010 Refinancing, of which approximately $9 million was capitalized.

Results of Operations

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

Net sales:

Second quarter results

Consolidated net sales in the second quarter of 2010 were $327.7 million, an increase of $5.9 million, or 1.8%, compared to $321.8 million in the second quarter of 2009. Excluding the unfavorable impact of foreign currency fluctuations of $0.5 million, consolidated net sales increased by 2.0% in the second quarter of 2010, primarily driven by higher net sales of **Revlon** color cosmetics and **Revlon ColorSilk** hair color, partially offset by lower net sales of **Mitchum** anti-perspirant deodorant and **Almay** color cosmetics.

Year-to-date results

Consolidated net sales in the first half of 2010 were $633.2 million, an increase of $8.1 million, or 1.3%, compared to $625.1 million in the first half of 2009. Excluding the favorable impact of foreign currency fluctuations of $8.5 million, consolidated net sales decreased by 0.1% in the first half of 2010, 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 **Mitchum** anti- perspirant deodorant, partially offset by higher net sales of **Revlon** color cosmetics and **Revlon ColorSilk** hair color.

	Three Months Ended June 30,		Change		XFX Change[(a)]	
	2010	2009	$	%	$	%
United States	$ 179.3	$ 186.2	$ (6.9)	(3.7)%	$ (6.9)	(3.7)%
Asia Pacific	48.7	45.5	3.2	7.0	(0.4)	(0.9)
Europe, Middle East and Africa	50.2	45.6	4.6	10.1	3.3	7.2
Latin America	28.7	27.2	1.5	5.5	9.1	33.5
Canada	20.8	17.3	3.5	20.2	1.3	7.5
Total Net Sales	$ 327.7	$ 321.8	$ 5.9	1.8%	$ 6.4	2.0%

	Six Months Ended June 30,		Change		XFX Change[(a)]	

	2010	2009	$	%	$	%
United States	$ 361.4	$ 377.2	$ (15.8)	(4.2)%	$ (15.8)	(4.2)%
Asia Pacific	94.6	87.1	7.5	8.6	(1.6)	(1.8)
Europe, Middle East and Africa	93.1	83.9	9.2	11.0	1.5	1.8
Latin America	48.7	46.7	2.0	4.3	14.9	31.9
Canada	35.4	30.2	5.2	17.2	0.6	2.0
Total Net Sales	$ 633.2	$ 625.1	$ 8.1	1.3%	$ (0.4)	(0.1)%

[a] XFX excludes the impact of foreign currency fluctuations.

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

United States

Second quarter results

In the U.S., net sales in the second quarter of 2010 were $179.3 million, a decrease of $6.9 million, or 3.7%, compared to $186.2 million in the second quarter of 2009, primarily driven by lower net sales of **Almay** color cosmetics, due to the cycling of the 2009 launch of **Almay Pure Blends**, and lower net sales of **Revlon** beauty tools and **Mitchum** anti-perspirant deodorant, partially offset by higher net sales of **Revlon** color cosmetics.

Year-to-date results

In the U.S, net sales in the first half of 2010 were $361.4 million, a decrease of $15.8 million, or 4.2%, compared to $377.2 million in the first half of 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 **Mitchum** anti-perspirant deodorant, partially offset by higher net sales of **Revlon** color cosmetics.

Asia Pacific

Second quarter results

In Asia Pacific, net sales in the second quarter of 2010 increased 7.0% to $48.7 million, compared to $45.5 million in the second quarter of 2009. Excluding the favorable impact of foreign currency fluctuations, net sales decreased $0.4 million, or 0.9%, primarily driven by lower net sales of **Revlon** color cosmetics. From a country perspective, lower net sales in Australia (which contributed approximately 4.1 percentage points to the decrease in the region s net sales in the second quarter of 2010, as compared with the second quarter of 2009) were partially offset by higher net sales in certain distributor markets, Japan and China (which together offset by approximately 3.0 percentage points the decrease in the region s net sales in the second quarter of 2010, as compared with the second quarter of 2009).

Year-to-date results

In Asia Pacific, net sales in the first half of 2010 increased 8.6% to $94.6 million, compared to $87.1 million in the first half of 2009. Excluding the favorable impact of foreign currency fluctuations, net sales decreased $1.6 million, or 1.8%, primarily driven by lower net sales of **Revlon** color cosmetics. From a country perspective, lower net sales in Australia and Japan (which together contributed approximately 5.0 percentage points to the decrease in the region s net sales in the first half of 2010, as compared with the first half of 2009) were partially offset by higher net sales in China and certain distributor markets (which together offset by approximately 2.5 percentage points the decrease in the region s net sales in the first half of 2010, as compared with the first half of 2009).

Europe, Middle East and Africa

Second quarter results

In Europe, the Middle East and Africa, net sales in the second quarter of 2010 increased 10.1% to $50.2 million, compared to $45.6 million in the second quarter of 2009. Excluding the favorable impact of foreign currency fluctuations, net sales increased $3.3 million, or 7.2%, primarily driven by higher net sales of **Revlon** color cosmetics and fragrances. From a country perspective, higher net sales in South Africa and certain distributor markets contributed approximately 7.3 percentage points to the increase in the region s net sales in the second quarter of 2010, as compared to the second quarter of 2009.

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

Year-to-date results

In Europe, the Middle East and Africa, net sales in the first half of 2010 increased 11.0% to $93.1 million, compared to $83.9 million in the first half of 2009. Excluding the favorable impact of foreign currency fluctuations, net sales increased $1.5 million, or 1.8%, primarily driven by higher net sales of fragrances. From a country perspective, higher net sales in South Africa (which contributed approximately 3.2 percentage points to the increase in the region s net sales in the first half of 2010, as compared to the first half of 2009) were partially offset by lower net sales in the U.K. (which offset by approximately 2.2 percentage points the increase in the region s net sales in the first half of 2010, as compared with the first half of 2009).

Latin America

Second quarter results

In Latin America, net sales in the second quarter of 2010 increased 5.5% to $28.7 million, compared to $27.2 million in the second 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 $9.1 million, or 33.5%, 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 certain distributor markets and Venezuela contributed approximately 28.8 percentage points to the increase in the region s net sales in the second quarter of 2010, as compared to the second quarter of 2009. Higher selling prices in Venezuela, given market conditions and inflation, accounted for approximately half of the $9.1 million increase in net sales in the region.

Year-to-date results

In Latin America, net sales in the first half of 2010 increased 4.3% to $48.7 million, compared to $46.7 million in the first half 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 $14.9 million, or 31.9%, primarily driven by higher net sales of **Revlon ColorSilk** hair color, other beauty care products and **Revlon** color cosmetics. From a country perspective, higher net sales in certain distributor markets and Venezuela contributed approximately 25.7 percentage points to the increase in the region s net sales in the first half of 2010, as compared to the first half of 2009. Higher selling prices in Venezuela, given market conditions and inflation, accounted for approximately half of the $14.9 million increase in net sales in the region.

Canada

Second quarter results

In Canada, net sales in the second quarter of 2010 were $20.8 million, an increase of $3.5 million, or 20.2%, compared to $17.3 million in the second quarter of 2009. Excluding the favorable impact of foreign currency fluctuations, net sales increased $1.3 million, or 7.5%, primarily driven by higher net sales of **Revlon** color cosmetics.

Year-to-date results

In Canada, net sales in the first half of 2010 were $35.4 million, an increase of $5.2 million, or 17.2%, compared to $30.2 million in the first half of 2009. Excluding the favorable impact of foreign currency fluctuations, net sales increased $0.6 million, or 2.0%, primarily driven by higher net sales of **Revlon** color

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

cosmetics, partially offset by lower net sales of **Revlon** beauty tools, due to the cycling of the 2009 launch of **Revlon Pedi-Expert**.

Gross profit:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2010	**2009**	**Change**	**2010**	**2009**	**Change**
Gross profit	$ 220.7	$ 201.2	$ 19.5	$ 417.5	$ 393.5	$ 24.0
Percentage of net sales	*67.3%*	*62.5%*	*4.8%*	*65.9%*	*62.9%*	*3.0%*

The 4.8 percentage point increase in gross profit as a percentage of net sales for the second quarter of 2010, compared to the second quarter of 2009, was primarily due to:

lower costs related to sales returns and inventory obsolescence, which increased gross profit as a percentage of net sales by 2.4 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 1.5 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 1.1 percentage points.

The 3.0 percentage point increase in gross profit as a percentage of net sales for the first half of 2010, compared to the first half of 2009, was primarily due to:

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 1.6 percentage points;

lower costs related to sales returns and inventory obsolescence, which increased gross profit as a percentage of net sales by 1.4 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 1.1 percentage points;

with the foregoing partially offset by:

the unfavorable impact of cost of goods as a result of the devaluation of Venezuela s local currency relative to the U.S. dollar, as inventory is carried at historical dollar cost resulting in higher inventory value based on the

exchange rate prior to such devaluation, which reduced gross profit as a percentage of net sales by 0.5 percentage points.

SG&A expenses:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2010	**2009**	**Change**	**2010**	**2009**	**Change**
SG&A expenses	$ 173.6	$ 156.3	$ (17.3)	$ 325.0	$ 316.5	$ (8.5)

The $17.3 million increase in SG&A expenses for the second quarter of 2010, as compared to the second quarter of 2009, was driven primarily by $20.2 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, as

Table of Contents

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

well as higher compensation expenses, including the accrual for incentive compensation, partially offset by savings as a result of the May 2009 Program.

The $8.5 million increase in SG&A expenses for the first half of 2010, as compared to the first half of 2009, was driven primarily by $13.2 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, as well as higher compensation expenses, including the accrual for incentive compensation, partially offset by savings as a result of the May 2009 Program.

Consistent with the Company s business strategy to build its strong brands, in the third quarter of 2010, as compared to the third quarter of 2009, the Company currently intends to support its brands with increased advertising spending (as defined in Note 1, Summary of Significant Accounting Policies Advertising, to the Consolidated Financial Statements in Revlon, Inc. s Annual Report on Form 10-K for the year ended December 31, 2009 filed with the SEC on February 25, 2010 (the 2009 Form 10-K)).

Restructuring costs and other, net:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2010	**2009**	**Change**	**2010**	**2009**	**Change**
Restructuring costs and other, net	$ (0.2)	$ 18.3	$ 18.5	$ (0.2)	$ 18.8	$ 19.0

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 $5.1 million was paid during the first half of 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 second quarter of 2010 a $0.2 million favorable adjustment was recorded to restructuring costs associated with the May 2009 Program.

During the second quarter of 2009, the Company recorded charges of $18.3 million in restructuring costs and other, which are comprised of (1) an $18.2 million charge related to the May 2009 Program and (2) a $0.1 million charge related to the 2008 Programs.

During the first half of 2009, the Company recorded charges of $18.8 million in restructuring costs and other, net, which are comprised of:

- an $18.2 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;

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.

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

Interest expense:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2010	**2009**	**Change**	**2010**	**2009**	**Change**
Interest expense	$ 23.0	$ 24.0	$ 1.0	$ 44.3	$ 48.1	$ 3.8
Interest expense preferred stock dividends	1.6		(1.6)	3.2		(3.2)

The $1.0 million decrease in interest expense for the second quarter of 2010, as compared to the second quarter of 2009, was due to lower debt levels, partially offset by higher weighted average borrowing rates.

The $3.8 million decrease in interest expense for the first half of 2010, as compared to the first half of 2009, was primarily due to lower debt levels. Interest expense throughout the remainder of 2010 will continue to be impacted by higher weighted average borrowing rates as a result of the 2010 Refinancing.

In accordance with the terms of the certificate of designation of the Preferred Stock, on April 8, 2010, Revlon, Inc. paid to holders of record of the Preferred Stock at the close of business on March 26, 2010 the Regular Dividend in the amount of $0.163794 per share for the period from January 8, 2009 through and including April 8, 2010. In addition, 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 for the period from April 8, 2010 through and including July 8, 2010. As of June 30, 2010, the Company accrued $1.4 million in interest expense related to the quarterly Regular Dividend on the Preferred Stock which was paid in July 2010.

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	2010	**2009**	**Change**	**2010**	**2009**	**Change**
(Gain) loss on early extinguishment of debt, net	$	$ (0.5)	$ (0.5)	$ 9.7	$ (7.5)	$ (17.2)

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 first quarter of 2009, Products Corporation used $16.5 million to repurchase an aggregate principal amount of $23.9 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 $1.2 million of accrued and unpaid interest and fees through the respective dates of the repurchases. In the second quarter of 2009, Products Corporation used $6.3 million to repurchase an aggregate principal amount of $7.0 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 $0.2 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 $7.0 million during the first quarter of 2009 and a gain of $0.5 million during the second quarter of 2009, which are net of the write-off of the ratable portion of unamortized debt discounts and deferred financing fees.

Table of Contents

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

Foreign currency losses:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2010	**2009**	**Change**	**2010**	**2009**	**Change**
Foreign currency losses	$ 0.1	$ 2.1	$ 2.0	$ 3.9	$ 4.5	$ 0.6

The $2.0 million decrease in foreign currency losses during the second quarter of 2010, as compared to the second quarter of 2009, was primarily driven by:

foreign currency gains related to the Company s outstanding foreign currency forward exchange contracts (FX Contracts) for the second quarter of 2010, as compared to foreign currency losses related to the Company s FX Contracts for the second quarter of 2009;

with the foregoing partially offset by:

the unfavorable impact of the revaluation of certain U.S. dollar-denominated intercompany payables from the Company s foreign subsidiaries during the second quarter of 2010.

The $0.6 million decrease in foreign currency losses during the first half of 2010, as compared to the first half of 2009, was primarily driven by:

foreign currency gains related to the Company s outstanding FX Contracts for the first half of 2010, as compared to foreign currency losses related to the Company s FX Contracts for the first half of 2009;

with the foregoing partially offset by:

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 this Form 10-Q).

Provision for (benefit from) income taxes:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2010	**2009**	**Change**	**2010**	**2009**	**Change**

Provision for (benefit from) income taxes	$	4.8	$	(0.2)	$	(5.0)	$	9.8	$	(2.2)	$	(12.0)

The $4.8 million provision for income taxes for the second quarter of 2010, as compared to the $0.2 million benefit from income taxes for the second quarter of 2009, was primarily attributable to the favorable resolution of a tax contingency in the U.S. in the second quarter of 2009 and higher taxable income for taxable subsidiaries in certain foreign jurisdictions in the second quarter of 2010, as compared to the second quarter of 2009.

The $9.8 million provision for income taxes in the first half of 2010, as compared to the $2.2 million benefit from income taxes for the first half of 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 first half of 2009 and higher taxable income for taxable subsidiaries in certain foreign jurisdictions in the first half of 2010, as compared to the first half of 2009.

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

The Company 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. 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 June 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 first half of 2010 has continued with positive earnings and if such earnings trends and our tax position continue, the Company may realize the benefits of all or a significant portion of its net U.S. deferred tax assets in the near term through a reduction in its deferred tax valuation allowance, based upon current expectations for future taxable income in the U.S. over the periods in which the deferred tax assets are recoverable. This would result in an income tax benefit that would be primarily reflected in net income.

Financial Condition, Liquidity and Capital Resources

At June 30, 2010, the Company had a liquidity position (excluding cash in compensating balance accounts), of $134.0 million, consisting of cash and cash equivalents (net of any outstanding checks) of $27.4 million, as well as $106.6 million in available borrowings under the 2010 Revolving Credit Facility.

Cash Flows

At June 30, 2010, the Company had cash and cash equivalents of $38.6 million, compared with $27.2 million at June 30, 2009. The following table summarizes the Company s cash flows from operating, investing and financing activities for the six months ended June 30, 2010 and June 30, 2009, respectively:

	Six Months Ended June 30,	
	2010	2009
Net cash provided by operating activities	$ 40.5	$ 18.0
Net cash used in investing activities	7.4	3.5
Net cash used in financing activities	48.4	40.8

Operating Activities

Net cash provided by operating activities in the first half of 2010 was $40.5 million, as compared to $18.0 million in the first half of 2009. This improvement in cash provided by operating activities in the first half of 2010, compared to the first half of 2009, was due to improved operating income, lower interest payments and lower incentive compensation payments.

Investing Activities

Net cash used in investing activities was $7.4 million and $3.5 million for the first half of 2010 and 2009, respectively. Net cash used in investing activities for the first half of 2010 included $7.6 million of cash used

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

for capital expenditures. Net cash used in investing activities for the first half of 2009 included cash used for capital expenditures of $5.8 million, 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 $48.4 million and $40.8 million for the first half of 2010 and 2009, respectively. Net cash used in financing activities for the first half of 2010 included the 2010 Refinancing of the $815.0 million remaining aggregate principal amount of Products Corporation s 2006 Term Loan Facility, partially offset by Products Corporation s issuance of the $800.0 million aggregate principal amount of the 2010 Term Loan Facility, or $784.0 million, net of discounts and after giving effect to the $2.0 million scheduled amortization payment on the 2010 Term Loan Facility in the second quarter of 2010. Net cash used in financing activities for the first half of 2010 also included payment of financing costs of $17.1 million, which is comprised of (i) the payment of $15.0 million of the $15.3 million of fees incurred in connection with the 2010 Refinancing; (ii) the payment of $1.6 million of the $25.1 million of fees incurred in connection with the refinancing of Product Corporation s 91/2% Senior Notes in November 2009 with the 93/4% 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 first half of 2009 includes debt reduction payments of $41.6 million, which is primarily comprised of the repayment of $18.7 million in principal amount of Products Corporation s former 2006 Term Loan Facility (prior to its complete refinancing in March 2010 with the 2010 Term Loan Facility) and repurchases of $30.9 million in aggregate principal amount of Products Corporation s 91/2% Senior Notes (prior to their complete refinancing in November 2009 with the 93/4% Senior Secured Notes) at an aggregate purchase price of $22.9 million.

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.

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;

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

(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 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

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

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 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.

Table of Contents

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

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 in this Form 10-Q).

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

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

$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.

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

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 June 30, 2010. At June 30, 2010, the aggregate principal amount outstanding under the 2010 Term Loan Facility was $798.0 million and availability under the $140.0 million 2010 Revolving Credit Facility, based upon the calculated borrowing base less $21.8 million of outstanding undrawn letters of credit and nil then drawn on the 2010 Revolving Credit Facility, was $106.6 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. (See Note 13, Subsequent Event, in this Form 10-Q.)

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

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

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. The official exchange rate for non-essential goods has changed from 2.15 to 4.30. The Company uses Venezuela s official rate to translate the financial statements of Revlon Venezuela. In the second quarter of 2010 the devaluation had the impact of reducing reported net sales and operating income by $7.8 million and $2.0 million, respectively. In the first half of 2010 the devaluation had the impact of reducing reported net sales and operating income by $13.2 million and $3.9 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.

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.

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 first half of 2010 were $11.8 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 first half of 2010 were $17.7 million and $7.6 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

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

amounts expended in the first half of 2010. (See Restructuring Costs and Other, Net above in this Form 10-Q 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.

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

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

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.)**

Revlon, Inc. expects that the payment of the quarterly dividends 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 April 8, 2010, Revlon, Inc. paid to holders of record of the Preferred Stock at the close of business on March 26, 2010 the Regular Dividend in the amount of $0.163794 per share for the period from January 8, 2009 through and including April 8, 2010. In addition, 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

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

for the period from April 8, 2010 through and including July 8, 2010. As of June 30, 2010, the Company accrued $1.4 million in interest expense related to the quarterly Regular Dividend on the Preferred Stock which was paid in July 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. There were foreign currency forward exchange contracts with a notional amount of $43.5 million outstanding at June 30, 2010. The fair value of foreign currency forward exchange contracts outstanding at June 30, 2010 was $0.6 million.

Disclosures about Contractual Obligations and Commercial Commitments

As of June 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:

Contractual Obligations As of June 30, 2010	Payments Due by Period (dollars in millions)				
	Total	2010 Q3-Q4	2011-2012	2013-2014	After 2014
Long-term debt, including current portion	$ 1,128.0	$ 4.0	$ 16.0	$ 16.0	$ 1,092.0
Interest on long-term debt[a]	408.6	49.9	159.9	157.8	41.0

[a] Consists of interest on the $330.0 million in aggregate principal amount of the 93/4% Senior Secured Notes and on the $798.0 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 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

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

Table of Contents

REVLON, INC. AND SUBSIDIARIES

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company has exposure to market risk both as a result of changing interest rates and movements in foreign currency exchange rates. The Company s policy is to manage market risk through a combination of fixed and floating rate debt, the use of 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 June 30, 2010:

	Expected Maturity Date for the year ended December 31, (dollars in millions, except for rate information)							Fair Value June 30,
Debt	**2010**	**2011**	**2012**	**2013**	**2014**	**Thereafter**	**Total**	**2010**
Short-term variable rate (various currencies)	$ 5.7						$ 5.7	$ 5.7
Average interest rate[a]	8.4%							
Long-term fixed rate third party ($US)				$ 48.6[b]		$ 330.0	378.6	382.4
Average interest rate				12.75%		9.75%		
Long-term fixed rate affiliates ($US)					$ 58.4[c]		58.4	54.1
Average interest rate					12.0%			
Long-term variable rate third party ($US)	4.0	$ 8.0	$ 8.0	8.0	8.0	762.0	798.0	777.1
Average interest rate[a]	6.0%	6.0%	6.0%	6.1%	6.3%	6.4%		
Total debt	$ 9.7	$ 8.0	$ 8.0	$ 56.6	$ 66.4	$ 1,092.0	$ 1,240.7	$ 1,219.3

(a) Weighted average variable rates are based upon implied forward rates from the U.S. Dollar LIBOR yield curves at June 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 dividends of 12.75% on the Preferred Stock are payable

quarterly over the four-year term of the Preferred Stock, subject to Revlon, Inc. having sufficient surplus or net profits in accordance with Delaware law to effect such payments.

(c) Represents the $58.4 million aggregate principal amount outstanding of the Non-Contributed Loan as of June 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.

Forward Contracts	Average Contractual Rate $/FC	Original US Dollar Notional Amount	Contract Value June 30, 2010	Fair Value June 30, 2010
Sell Canadian Dollars/Buy USD	0.9528	$ 13.7	$ 13.9	$ 0.2
Sell Australian Dollars/Buy USD	0.8530	9.3	9.6	0.3
Sell British Pounds/Buy USD	1.5354	5.3	5.5	0.2
Sell South African Rand/Buy USD	0.1279	5.1	5.1	
Sell USD/Buy Japanese Yen	0.0111	4.7	4.8	0.1
Sell USD/Buy Australian Dollars	0.8698	2.6	2.5	(0.1)
Buy Australian Dollars/Sell New Zealand Dollars	1.2553	2.5	2.4	(0.1)
Sell New Zealand Dollars/Buy USD	0.6892	0.3	0.3	
Total forward contracts		$ 43.5	$ 44.1	$ 0.6

REVLON, INC. AND SUBSIDIARIES

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 second 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 second quarter and six months ended June 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;

Table of Contents

REVLON, INC. AND SUBSIDIARIES

(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

REVLON, INC. AND SUBSIDIARIES

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 dividends 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 as a result of the 2010 Refinancing;

(xiv) the Company s expectations that consistent with the Company s business strategy to build its strong brands, in the third quarter of 2010, as compared to the third quarter of 2009, the Company currently intends to support its brands with increased advertising spending (as defined in Revlon, Inc. s 2009 Form 10-K); and

(xv) the Company s expectation that if the positive earnings trends reflected in 2008, 2009 and the first half of 2010 and our tax position continue, the Company may realize the benefits of all or a significant portion of its net U.S. deferred tax assets in the near term through a reduction in its deferred tax valuation allowance, based upon current expectations for future taxable income in the U.S. over the periods in which the deferred tax assets are recoverable and this would result in an income tax benefit that would be primarily reflected in net income.

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, expe anticipates, seeks, may, will or should or the negative of those terms, or other variations of those terms or compa 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). 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, 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

REVLON, INC. AND SUBSIDIARIES

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 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

REVLON, INC. AND SUBSIDIARIES

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 dividends or the liquidation preference on the Preferred Stock, such as due to the unavailability of funds from Products Corporation related to its payments to Revlon, Inc. under the Contributed Loan or the unavailability of sufficient surplus or net profits to make such dividend payments in accordance with Delaware law or the unavailability of sufficient surplus to make such liquidation preference payments in accordance with Delaware law;

(xiii) unexpected circumstances impacting the Company s expectations that interest expense throughout the remainder of 2010 will be impacted by higher weighted average borrowing rates as a result of the 2010 Refinancing;

(xiv) lower than expected, or other unanticipated changes in, advertising spending (as defined in Revlon, Inc. s 2009 Form 10-K) to support its brands in the third quarter of 2010, as compared to the third quarter of 2009; and/or

(xv) 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 benefits of all or a significant portion of its net U.S. deferred tax assets in the near term through a reduction in its deferred tax valuation allowance.

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.

REVLON, INC. AND SUBSIDIARIES

Website Availability of Reports and Other Corporate Governance Information

The Company maintains a comprehensive corporate governance program, including Corporate Governance Guidelines for Revlon, Inc. s Board of Directors, Revlon, Inc. s Board Guidelines for Assessing Director Independence and charters for Revlon, Inc. s Audit Committee, Nominating and Corporate Governance Committee and Compensation Committee. Revlon, Inc. maintains a corporate investor relations website, www.revloninc.com, where stockholders and other interested persons may review, without charge, among other things, 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. If the Company changes the Senior Financial Officer Code of Ethics in any material respect or waives any provision of the Code of Business Conduct for its executive officers or Directors, including waivers of the Senior Financial Officer Code of Ethics for any of its Senior Financial Officers, the Company expects to provide the public with notice of any such change or waiver by publishing an appropriate description of such event on its corporate website, www.revloninc.com, or by other appropriate means as required or permitted under applicable rules of the SEC. The Company does not currently expect to make any such waivers. 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.

REVLON, INC. AND SUBSIDIARIES

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 announced on October 8, 2009, the Company consummated 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 Sullivan 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 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.

REVLON, INC. AND SUBSIDIARIES

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 September 10, 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 November 15, 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 July 29, 2010, pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act.
*31.2	Certification of Steven Berns, Chief Financial Officer, dated July 29, 2010, pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act.
32.1 (furnished herewith)	Certification of Alan T. Ennis, Chief Executive Officer, dated July 29, 2010, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2 (furnished herewith)	Certification of Steven Berns, Chief Financial Officer, dated July 29, 2010, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith.

Table of Contents

REVLON, INC. AND SUBSIDIARIES

S I G N A T U R E S

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

Dated: July 29, 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