REVLON INC /DE/
Form DEF 14C
November 19, 2007

SCHEDULE 14C

(Rule 14c-101)

Information Statement Pursuant to Section 14(c) of the
Securities Exchange Act of 1934

Check the appropriate box:

Preliminary information statement

Definitive information statement

Confidential, for use of the Commission only
(as permitted by Rule 14c-5(d)(2))

REVLON, INC.

(Name of Registrant as Specified in its Charter)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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NOTICE OF ACTION TAKEN PURSUANT TO
WRITTEN CONSENT OF STOCKHOLDERS

237 PARK AVENUE
NEW YORK, NEW YORK 10017
TO BE EFFECTIVE ON December 9, 2007

DATE FIRST MAILED TO STOCKHOLDERS: November 19, 2007

WE ARE NOT ASKING YOU FOR A PROXY AND
YOU ARE REQUESTED NOT TO SEND US A PROXY.

To the stockholders of
Revlon, Inc.:

This Notice and the accompanying Information Statement are being furnished to the stockholders of Revlon, Inc., a Delaware corporation (the ‘‘Company’’), in connection with action taken by the holders of at least a majority of the issued and outstanding voting securities of the Company, approving, by written consent dated November 2, 2007, the amendment and restatement of the Second Amended and Restated Revlon, Inc. Stock Plan (the ‘‘Stock Plan’’) to principally: (1) rename the Stock Plan as the Third Amended and Restated Revlon, Inc. Stock Plan; (2) increase the aggregate number of shares of the Company’s Class A common stock with respect to which awards may be granted under the Stock Plan from 40,650,000 to 65,650,000 (subject to the adjustment provisions contained in the Stock Plan); (3) remove the provision of the Stock Plan restricting to 15,000,000 the number of shares of the Company’s Class A common stock with respect to which awards of restricted and unrestricted stock and restricted stock units may be granted under the Stock Plan and to make certain conforming changes to reflect this change; (4) increase, from 4,065,000 to 6,565,000 (subject to the adjustment provisions contained in the Stock Plan), the number of awards that may be granted under the Stock Plan as restricted and unrestricted stock and restricted stock units without the minimum vesting requirements applicable to such awards under the Stock Plan; and (5) provide that shares withheld by the Company for the payment of taxes upon vesting of awards will become available for subsequent grants of awards (including restricted stock) under the Stock Plan. The primary purpose of these amendments is to afford the Company greater flexibility in the administration of the Stock Plan in furtherance of its efforts to provide meaningful equity-based retention incentives for key existing employees and recruitment incentives for new employees who are expected to contribute to the continued execution of the Company’s business strategy.

We Are Not Asking You for a Proxy and You are Requested Not To Send Us a Proxy.

As the matters set forth in this Notice and accompanying Information Statement have been duly authorized and approved by the written consent of the holders of at least a majority of the Company’s issued and outstanding voting securities, your vote or consent is not requested or required to approve these matters. The accompanying Information

Statement is provided solely for your information. The accompanying Information Statement also serves as the notice required by Section 228 of the Delaware General Corporation Law of the taking of a corporate action without a meeting by less than unanimous written consent of the Company's stockholders.

By order of the Board of Directors,
Robert K. Kretzman

Executive Vice President, Human Resources, Chief
Legal Officer, General Counsel and Secretary
New York, NY
November 19, 2007

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REVLON, INC.
237 PARK AVENUE
NEW YORK, NEW YORK 10017

INFORMATION STATEMENT

We Are Not Asking You for a Proxy and You are Requested Not To Send Us a Proxy.

ABOUT THIS INFORMATION STATEMENT

General

This Information Statement is being furnished by Revlon, Inc., a Delaware corporation (‘‘Revlon’’ or the ‘‘Company’’), in connection with action taken by the holders of at least a majority of the Company’s issued and outstanding voting securities, approving, by written consent dated November 2, 2007, the amendment and restatement of the Second Amended and Restated Revlon, Inc. Stock Plan (the ‘‘Stock Plan’’) to principally: (1) rename the Stock Plan as the Third Amended and Restated Revlon, Inc. Stock Plan; (2) increase the aggregate number of shares of the Company’s Class A common stock with respect to which awards may be granted under the Stock Plan from 40,650,000 to 65,650,000 (subject to the adjustment provisions contained in the Stock Plan); (3) remove the provision of the Stock Plan restricting to 15,000,000 the number of shares of the Company’s Class A common stock with respect to which awards of restricted and unrestricted stock and restricted stock units may be granted under the Stock Plan and to make certain conforming changes to reflect this change; (4) increase, from 4,065,000 to 6,565,000 (subject to the adjustment provisions contained in the Stock Plan), the number of awards that may be granted under the Stock Plan as restricted and unrestricted stock and restricted stock units without the minimum vesting requirements applicable to such awards under the Stock Plan; and (5) provide that shares withheld by the Company for the payment of taxes upon vesting of awards will become available for subsequent grants of awards (including restricted stock) under the Stock Plan. The primary purpose of these amendments is to afford the Company greater flexibility in the administration of the Stock Plan in furtherance of its efforts to provide meaningful equity-based retention incentives for key existing employees and recruitment incentives for new employees who are expected to contribute to the continued execution of the Company’s business strategy.

This Information Statement is being provided pursuant to the requirements of Rule 14c-2 of the Securities Exchange Act of 1934, as amended (the ‘‘Exchange Act’’), to all holders of the Company’s Class A common stock (‘‘Class A Common Stock’’) and Class B common stock (‘‘Class B Common Stock’’ and, together with the Class A Common Stock, the ‘‘Common Stock’’) of record as of November 2, 2007 (the ‘‘Record Date’’), and is being mailed on or about November 19, 2007 to such stockholders. The Company anticipates that the amendment and restatement of the Stock Plan will take effect on December 9, 2007.

The Company’s principal executive offices are located at 237 Park Avenue, New York, New York 10017, and the Company’s telephone number is (212) 527-4000.

Reason for the Written Consent

The Stock Plan Amendment and Restatement

On November 1, 2007, the Company’s Board of Directors, acting upon the recommendation of its Compensation and Stock Plan Committee (the ‘‘Compensation Committee’’), approved, subject to stockholder approval, an amendment and restatement of the Company’s Stock Plan (the ‘‘Stock Plan Amendment and Restatement’’) to: (1) rename the Stock Plan as the Third Amended and Restated Revlon, Inc. Stock Plan; (2) increase the aggregate number of shares of the Company’s Class A Common Stock with respect to which awards may be granted under the Stock Plan from 40,650,000 to 65,650,000 (subject to the adjustment provisions contained in the Stock Plan); (3) remove the provision of the Stock

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Plan restricting to 15,000,000 the number of shares of the Company's Class A Common Stock with respect to which awards of restricted and unrestricted stock and restricted stock units may be granted under the Stock Plan and to make certain conforming changes to reflect this change; (4) increase, from 4,065,000 to 6,565,000 (subject to the adjustment provisions contained in the Stock Plan), the number of awards that may be granted under the Stock Plan as restricted and unrestricted stock and restricted stock units without the minimum vesting requirements under the Stock Plan; and (5) provide that shares withheld by the Company for the payment of taxes upon vesting of awards will become available for subsequent grants of awards (including restricted stock) under the Stock Plan. The Stock Plan Amendment and Restatement was reviewed and recommended for the Board's approval, subject to further stockholder approval, by the Board's Compensation Committee at a duly convened meeting held on November 1, 2007. The primary purpose of the amendments is to afford the Company greater flexibility in the administration of the Stock Plan in furtherance of its efforts to provide meaningful equity-based retention incentives for key existing employees and recruitment incentives for new employees who are expected to contribute to the continued execution of the Company's business strategy.

The Action by Written Consent

On November 2, 2007, MacAndrews & Forbes Holdings Inc., a corporation wholly owned by Ronald O. Perelman, Chairman of the Company's Board of Directors, and certain of such entity's affiliates and related parties (together, ''M&F''), delivered to the Company an executed written consent of stockholders approving the Stock Plan Amendment and Restatement (the ''Written Consent''). As of such date, M&F beneficially owned approximately 60% of the Company's Common Stock (including 45,616,141 shares of Revlon's Class A Common Stock beneficially owned by a family member of Ronald O. Perelman with respect to which shares MacAndrews & Forbes Holdings Inc. holds a voting proxy), together representing approximately 74% of the combined voting power of Revlon's Common Stock.

Voting and Vote Required

As the matters set forth in this Information Statement have been duly authorized and approved by the written consent of the holders of at least a majority of the Company's issued and outstanding voting securities, the Company is not seeking consent, authorizations or proxies from you. Section 228 of the Delaware General Corporation Law (''Section 228'') provides that the written consent of the holders of outstanding shares of voting capital stock, having not less than the minimum number of votes which would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted, may be substituted for a meeting. Approval by at least a majority of the outstanding voting power of the shares of Common Stock present and voting on the matter at a meeting would be required to approve the Stock Plan Amendment and Restatement, which approval has been duly secured by written consent executed and delivered in writing to the Company by M&F, as noted above.

As of the Record Date, the Company had 479,260,736 shares of Class A Common Stock and 31,250,000 shares of Class B Common Stock outstanding and entitled to vote. Each share of Class A Common Stock is entitled to one vote, and each share of Class B Common Stock is entitled to 10 votes. On the Record Date, M&F beneficially owned, directly and indirectly, 274,834,793 shares, or approximately 57%, of the Company's Class A Common Stock and all of the 31,250,000 shares of the Company's Class B Common Stock, with such shares of Class A and Class B Common Stock together representing approximately 60% of the Company's Common Stock and approximately 74% of the combined voting power of the Company's Common Stock. Accordingly, the action by Written Consent executed by M&F on the Record Date pursuant to Section 228 and delivered to the Company is sufficient to approve the Stock Plan Amendment and Restatement and requires no further stockholder action.

Notice Pursuant to Section 228

Pursuant to Section 228, the Company is required to provide prompt notice of the taking of a corporate action by written consent to the Company's stockholders who have not consented in writing to such action. This Information Statement serves as the notice required by Section 228.

Dissenters' Rights of Appraisal

The Delaware General Corporation Law does not provide dissenters' rights of appraisal to the Company's stockholders in connection with the matters approved by the Written Consent.

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Householding of Stockholder Materials

Some banks, brokers and other nominee record holders may be participating in the practice of ‘‘householding’’ stockholder materials, such as proxy statements, information statements and annual reports. This means that only one copy of this Information Statement may have been sent to multiple stockholders in your household. The Company will promptly deliver a separate copy of this Information Statement to you if you write or call the Company at the following address or telephone number: Investor Relations Department, Revlon, Inc., 237 Park Avenue, New York, New York 10017, telephone: (212) 527-5230. If you want to receive separate copies of stockholder materials in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker, or other nominee record holder, or you may contact Revlon at the above address and telephone number.

Interest of Certain Persons in or Opposition to Matters Being Acted Upon.

The Stock Plan Amendment and Restatement described herein has been approved by the Company’s Board of Directors, including all of the Company’s independent directors, based upon, among other factors, the recommendation of the Board’s Compensation Committee and advice from Mercer Human Resource Consulting (‘‘Mercer’’), a nationally recognized, outside compensation advisor, and has been authorized and approved by M&F, in its capacity as the Company’s majority stockholder. The Company’s Directors and officers are eligible to receive awards under the Stock Plan, at the discretion of the Compensation Committee in its administration of the Stock Plan. Although the Company cannot currently determine the number of shares subject to awards that may be granted in the future to the Company’s officers or Directors, each of them could be viewed as having a potential interest in the approval of the Stock Plan Amendment and Restatement in so far as they are eligible to be recipients of future stock-based awards under the Stock Plan.

APPROVAL OF THE THIRD AMENDED AND RESTATED REVLON, INC. STOCK PLAN

On November 1, 2007, the Company’s Board of Directors, acting upon the recommendation of its Compensation Committee, approved, subject to stockholder approval, the Stock Plan Amendment and Restatement. The Stock Plan Amendment and Restatement was reviewed and recommended for the Board’s approval, subject to further stockholder approval, by the Board’s Compensation Committee at a duly convened meeting held on November 1, 2007.

The Company’s Board of Directors adopted the Stock Plan Amendment and Restatement principally because the number of shares currently available for issuance as awards under the Stock Plan is insufficient to satisfy the expected foreseeable future requirements under the Stock Plan. The Company’s Board of Directors believes that grants under the Stock Plan will be an important element in retaining key existing employees and recruiting new employees who are expected to contribute to the continued execution of the Company’s business strategy. As of the Record Date, all outstanding stock options granted under the Stock Plan contained exercise prices substantially higher than the New York Stock Exchange (the ‘‘NYSE’’) price per share of the underlying Class A Common Stock, making outstanding stock options granted under the Stock Plan currently of no realizable economic value to the recipients on such date, thereby diminishing the intended retentive effect of these awards and thus subjecting the Company to increased challenges in terms of employee retention at a critical time in the Company’s business plan. The Company believes that amending the Stock Plan to make available for grant additional restricted stock awards would help offset these circumstances and help provide additional recruitment and retention incentives.

As of September 30, 2007, and before giving effect to the Stock Plan Amendment and Restatement, 8,137,486 shares were available for issuance under the Stock Plan; only 3,400,013 of such shares were available for awards of restricted and unrestricted stock and restricted stock units and only 720,800 of such shares were available for awards of restricted and unrestricted stock and restricted stock units without the minimum vesting requirements under the Stock Plan. After giving effect to the Stock Plan Amendment and Restatement, as of September 30, 2007, there would have been 33,137,486 shares available for issuance as awards under the Stock Plan, all of which could be issued as awards of stock options, stock

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appreciation rights, unrestricted stock, restricted stock or restricted stock units (subject to the terms of the Stock Plan), with 3,220,800 of such shares available for awards of restricted and unrestricted stock and restricted stock units without regard to the one-year and three-year minimum vesting requirements. The closing price of Revlon's Class A Common Stock on the NYSE on September 28, 2007, the last NYSE trading date of September 2007, was $1.15.

Summary of the Third Amended and Restated Revlon, Inc. Stock Plan

The following summary of the Third Amended and Restated Revlon, Inc. Stock Plan is qualified in its entirety by the specific language of the Third Amended and Restated Revlon, Inc. Stock Plan (a copy of which is attached as Appendix I hereto). It should be noted that, although an entire description of the Third Amended and Restated Revlon, Inc. Stock Plan is provided, the only material differences in the terms of the Third Amended and Restated Revlon, Inc. Stock Plan from the terms of the Second Amended and Restated Revlon, Inc. Stock Plan is that the Third Amended and Restated Revlon, Inc. Stock Plan: (1) increases the aggregate number of shares of the Company's Class A Common Stock with respect to which awards may be granted under the Stock Plan from 40,650,000 to 65,650,000 (subject to the adjustment provisions contained in the Stock Plan); (2) removes the provision of the Stock Plan restricting to 15,000,000 the number of shares of the Company's Class A Common Stock with respect to which awards of restricted and unrestricted stock and restricted stock units may be granted under the Stock Plan and makes certain conforming changes to reflect this change; (3) increases, from 4,065,000 to 6,565,000 (subject to the adjustment provisions contained in the Stock Plan), the number of awards that may be granted under the Stock Plan as restricted and unrestricted stock and restricted stock units without regard to the minimum vesting requirements applicable to such awards under the Stock Plan; and (4) provides that shares withheld by the Company for the payment of taxes upon vesting of awards will become available for subsequent grants of awards (including restricted stock) under the Stock Plan.

Description of the Stock Plan Terms

Eligibility and Types of Awards

The Stock Plan provides for the granting of awards to such employees of the Company, its subsidiaries and its affiliates as the committee administering the Stock Plan, which is currently the Compensation Committee, may select from time to time. In addition, awards may be granted to Directors who currently are not receiving compensation as officers or employees of the Company or any of its affiliates (''Non-Employee Directors''). Awards under the Stock Plan may be made in the form of (i) incentive stock options (''ISOs''), which are designed to satisfy the applicable requirements set forth in Section 422 of the Internal Revenue Code of 1986, as amended (the ''Code''), (ii) nonqualified stock options (''NQSOs''), which are not intended to satisfy such requirements (ISOs and NQSOs are collectively referred to as ''Options''), (iii) stock appreciation rights, either granted in tandem with an Option or independent of any Option (collectively, ''SARs''), (iv) restricted stock, (v) unrestricted stock and (vi) restricted stock unit Awards (''Restricted Stock Units'' and, collectively with all other award types, ''Awards'').

As of the Record Date, 282 employees and eight Non-Employee Directors had Awards outstanding under the Stock Plan. The benefits to be derived under the Stock Plan by participants cannot be determined, as the ultimate value of Awards under the Stock Plan depends on a variety of factors, including the market value of the Company's Class A Common Stock, and future grants under the Stock Plan will be made at the sole discretion of the Compensation Committee, based on a variety of factors.

Stock Options Under the Stock Plan

From time to time, certain executive officers' employment agreements and other new hire arrangements provide that management shall recommend to the Compensation Committee that such officers and employees, as the case may be, be granted Options to purchase a specified number of shares (or other types of Awards, as the case may be) (see ‘‘Executive Compensation — Employment Agreements and Payments Upon Termination of Employment Agreements and Changes of Control’’).

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As of September 30, 2007, Option Awards have been granted under the Stock Plan to certain individuals and groups as follows (all of such Option Awards have exercise prices which exceeded the $1.15 NYSE closing price per share of the Company’s Class A Common Stock on September 28, 2007 (the last NYSE trading date of September 2007) and thus had no realizable monetary value on such date):

	Options Granted Under the Stock Plan
The following executive officers and former executive officers:	
David L. Kennedy President and Chief Executive Officer	1,828,000
Jack L. Stahl Former President and Chief Executive Officer	6,020,000 (a)
Alan T. Ennis Executive Vice President and Chief Financial Officer	20,000
Robert K. Kretzman Executive Vice President, Human Resources, Chief Legal Officer, General Counsel and Secretary	1,196,500 (b)
Thomas E. McGuire Former Executive Vice President and President of International	1,225,000 (c)
All current executive officers as a group	3,044,500 (b)(d)
All current directors who are not executive officers as a group	1,908,832 (e)
Each associate of such persons	0
Each other person who received or is to receive five percent of such Options	0
All employees (including all current officers who are not executive officers) as a group	9,416,966 (f)

(a) Pursuant to the terms of his employment agreement and separation agreement, each of Mr. Stahl’s stock option awards continues to vest following his September 2006 departure from the Company and remains exercisable until the later of (i) one year after such existing option award becomes 100% fully vested and exercisable or (ii) 18 months following Mr. Stahl’s termination of employment. (b) Includes 7,000 options granted to Mr. Kretzman that have expired in accordance with the terms of the Stock Plan. (c) All of Mr. McGuire’s stock options were cancelled in connection with his termination of employment with the Company in October 2006. (d) Does not include Messrs. Stahl and McGuire, who ceased employment with the Company in September 2006 and October 2006, respectively. (e) Includes 300,000 options granted to Mr. Perelman that have expired in accordance with the terms of the Stock Plan. (f) Includes 734,880 options that have terminated or expired in accordance with the terms of the Stock Plan.

The NYSE closing market price of the Class A Common Stock on the Record Date was $1.13. Following the effectiveness of the shareholder actions described in this Information Statement, the Company intends to recommend that the Compensation Committee grant Awards of restricted stock, including Awards to its employees and executive officers, some of which may vest over a period of less than three years. However, since such Awards under the Stock Plan are made at the Compensation Committee’s discretion, there can be no assurance that the Compensation Committee will adopt the Company’s recommendations. Therefore, the benefits and amounts that will be received or allocated under the Stock Plan Amendment and Restatement are not determinable at this time.

Available Shares

The shares available for issuance under the Stock Plan may be authorized but unissued Class A Common Stock or Class A Common Stock held in the Company’s treasury or a combination thereof.

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Currently, an aggregate of 40,650,000 shares of the Company's Class A Common Stock are reserved for issuance of Awards under the Stock Plan, of which no more than 15,000,000 can be issued in the form of restricted or unrestricted shares and Restricted Stock Units, subject to the adjustment provisions of the Stock Plan, provided that as of September 30, 2007, there remained only 3,400,013 shares available for grants of restricted and unrestricted stock Awards and Restricted Stock Unit Awards. Pursuant to the Stock Plan Amendment and Restatement, an aggregate of 65,650,000 shares will be reserved for issuance as Awards under the Stock Plan, subject to the adjustment provisions of the Stock Plan, and all of the available shares under the Stock Plan will be available for issuance not only as Options, but also as restricted or unrestricted stock Awards or Restricted Stock Unit Awards.

As of September 30, 2007, 26,322,915 shares were subject to Awards under the Stock Plan. As of September 30, 2007, 8,137,486 shares remained available for issuance under the Stock Plan, and, of this amount, only 3,400,013 shares remained available for issuance as restricted and unrestricted stock Awards and Restricted Stock Unit Awards, and of such shares, only 720,800 remained available for Awards of restricted and unrestricted stock Awards and Restricted Stock Units without regard to the Stock Plan's one-year and three-year minimum vesting requirements. After giving effect to the Stock Plan Amendment and Restatement, as of September 30, 2007, there would have been 33,137,486 shares available for issuance as Awards under the Stock Plan, all of which would have been available for Awards of restricted and unrestricted stock and Restricted Stock Units, 3,220,800 shares of which would have been available for Awards of restricted and unrestricted stock and restricted stock units without regard to the Stock Plan's minimum vesting requirements as of such date. To the extent Options or other Awards are cancelled in the future, the shares of Class A Common Stock underlying these cancelled Awards would become available for future Awards of any kind under the Stock Plan, subject to the terms of the Stock Plan.

Generally, shares subject to an Award that remain unissued upon expiration or cancellation of the Award become available for other Awards under the Stock Plan, as will shares that are used to satisfy an Option exercise price or that are withheld from payment of an Award to satisfy applicable tax withholding requirements, subject to the terms of the Stock Plan. In addition, the grant or vesting of Restricted Stock Unit Awards that by their terms may be settled solely in cash will not reduce the number of shares of Class A Common Stock that may be made subject to Awards under the Stock Plan.

Subject to the adjustment provisions of the Stock Plan, the total number of shares subject to Options or SARs granted to any Stock Plan participant during 2004 could not exceed 5,700,000 shares and during any subsequent year may not exceed 1,000,000 shares. Additionally, in any year, an independent Director of the Company may not be granted Options or SARs covering, in the aggregate, more than such number of shares of the Company's Class A Common Stock with a fair market value in excess of $100,000.

In the event that any dividend or other distribution is declared (whether in the form of cash, Class A Common Stock or other property), or there occurs any recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, spin-off, combination, repurchase or share exchange, or other similar corporate transaction or event, then if the Compensation Committee determines in its discretion that it is appropriate to do so, (i) the number and kind of shares of stock or other property which may thereafter be issued in connection with Awards, (ii) the number and kind of shares of stock or other property to be issued or issuable in respect of outstanding Awards, (iii) the exercise price, grant price or purchase price relating to any Award and (iv) the maximum number of shares subject to Awards which may be awarded to any Stock Plan participant during any period may be equitably adjusted (including, without limitation, by way of cancellation of an Award in exchange for a cash payment) to prevent the dilution or enlargement of the rights of participants without change in any aggregate purchase price (provided that no ISO granted under the Stock Plan will be adjusted in a manner that causes such Option to fail to continue to qualify as an ISO without the consent of the participant). Any such adjustment shall be made by the Compensation Committee, whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive.

Administration

The committee administering the Stock Plan is currently the Compensation Committee of the Company's Board of Directors. The Board may at any time appoint a different Stock Plan administrator,

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provided that it is a committee or subcommittee that consists of two or more directors of the Company. It is intended that Awards constituting qualified, performance-based compensation under Section 162(m) of the Code (''Section 162(m)'') be administered by a committee or subcommittee consisting of two or more ''outside directors'' within the meaning of Section 162(m) of the Code (''Section 162(m)''), and that discretionary grants of Awards to non-employee directors be administered by a committee or subcommittee of ''non-employee directors'' (as such term is defined by Rule 16b-3 of the Exchange Act), although any failure of a committee member to so qualify shall not invalidate any Award under the Stock Plan. The Compensation Committee may delegate to officers or employees of the Company or its subsidiaries its authority to grant Options to participants who are not subject to Section 16 of the Exchange Act or Section 162(m). Grants must be made with an exercise or base price equal to at least the fair market value of the underlying shares on the date of grant.

The Compensation Committee has the discretionary authority to exercise all of the powers granted to it under the Stock Plan, to construe, interpret and implement the Stock Plan and agreements evidencing Awards under the Stock Plan, to prescribe, amend and rescind rules and regulations relating to the Stock Plan, to make all determinations necessary or advisable in administering the Stock Plan, and to correct any defect, supply any omission and reconcile any inconsistency in the Stock Plan. The determination of the Compensation Committee on all matters relating to the Stock Plan or agreement evidencing an Award under the Stock Plan is final, binding and conclusive.

Award Types

General

Subject to the terms of the Stock Plan, the Committee may grant Awards to participants as described below. The terms of Award grants will be set forth in written agreements (''Award Agreements'') between the Company and the participant.

Generally, (a) no Option or SAR granted on or after April 14, 2004 may be exercised more than seven years after the date of grant, and (b) no shares of the Company's Class A Common Stock underlying any other Award under the Stock Plan may vest or become deliverable more than 10 years after the date of grant. Historically, Option and SAR Awards made prior to April 14, 2004 typically had 10-year terms. The Compensation Committee may in its discretion extend the expiration date of outstanding Awards (but not in excess of the seven-year or 10-year term, as the case may be, except in the case of the grantee's death before the expiration of the Award's term), subject to the terms of the Stock Plan. Awards may be transferred by a grantee only by will or by the laws of descent and distribution and generally may be exercised only by the grantee during his or her lifetime, provided that the Compensation Committee may provide in the applicable Award Agreement that Options not intended to be ISOs may be transferred without consideration to any member or members of the grantee's ''immediate family'' (as defined in the Stock Plan), a trust for the benefit of the grantee and/or members of his or her immediate family, or a partnership or limited liability company whose only partners or stockholders are the grantee and/or members of his or her immediate family.

Options

All Options when granted are intended to be NQSOs unless the applicable Award Agreement explicitly states that an Option is intended to be an ISO. If an Option is granted with the stated intent that it be an ISO, and if for any reason such Option (or any portion thereof) shall not qualify as an ISO, then, to the extent of such nonqualification, such Option (or portion) shall be regarded as an NQSO appropriately granted under the Stock Plan, provided that such Option (or portion) otherwise satisfies the terms and conditions of the Stock Plan relating to NQSOs generally.

Options may be exercised in amounts and at times determined by the Compensation Committee. Unless the Award Agreement provides otherwise, an Option may not be exercised prior to the first anniversary of the date of grant and shall become exercisable with respect to 25% of the shares subject thereto on each of the first, second, third and fourth anniversaries of the date of grant. Options that are not exercised during the term established by the Compensation Committee will expire without value.

The purchase price of the Company’s Class A Common Stock purchased pursuant to the exercise of an Option (‘‘Option Price’’) will be no less than 100% and, in case of an ISO granted to an owner of stock

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possessing 10% or more of the total combined voting power of all classes of stock of the Company, 110%, of the fair market value (as defined in the Stock Plan) of the Company's Class A Common Stock on the day the Option is granted. Upon the exercise of any Option, the Option Price must be fully paid by certified or cashier's check, in shares of the Company's Class A Common Stock equal in fair market value to the Option Price, or, subject to the approval of the Compensation Committee, by attestation of such stock ownership or by personal check.

Pursuant to the Code, the aggregate fair market value (determined as of the date of grant) of the shares granted to any participant under the Stock Plan or any other option plan of the Company or its subsidiaries that may become exercisable for the first time in any calendar year is limited, with respect to ISOs, to $100,000.

Stock Appreciation Rights

The Compensation Committee may grant SARs either alone (''unrelated SARs'') or in conjunction with all or part of an Option. Upon the exercise of a SAR, a holder generally is entitled, without payment to the Company, to receive cash, shares of the Company's Class A Common Stock or any combination thereof, as determined by the Compensation Committee, in an amount equal to (x) the excess of the fair market value of one share of the Company's Class A Common Stock on the exercise date over (i) in the case of a SAR granted in tandem with an Option, the Option Price and (ii) in the case of an unrelated SAR, the appreciation base determined by the Compensation Committee (which shall be not less than 100% of the fair market value (as defined in the Stock Plan) of the Company's Class A Common Stock on the day the SAR is granted), multiplied by (y) the number of shares of the Company's Class A Common Stock subject to the SAR or the portion thereof surrendered. SARs vest and become exercisable in the same manner as Options.

Restricted and Unrestricted Stock

The Compensation Committee may grant restricted or unrestricted stock Awards alone or in tandem with other Awards under the Stock Plan. Vesting of restricted stock Awards may be conditioned upon the completion of a specified period of service, the attainment of specific performance goals or such other factors as the Compensation Committee may determine. The Compensation Committee may, in its discretion, require a grantee to pay an amount to acquire any restricted or unrestricted stock, which amount may be refunded to such grantee upon such events as the Compensation Committee may determine. During the restricted period, the grantee may not transfer, assign or otherwise encumber or dispose of the restricted stock, except as permitted by the Compensation Committee. During the restricted period, the grantee will have the right to vote the restricted stock and/or to receive any cash dividends if and only to the extent so provided by the Compensation Committee.

Restricted Stock Unit Awards

The Compensation Committee may grant Restricted Stock Unit Awards relating to a specified number of shares (or the cash or other fair market value thereof) to be delivered based upon the completion of a specified period of service, the attainment over a specified performance cycle of specified measures of the performance of the Company, one or more of its subsidiaries or affiliates or the participant, or such other factors as the Compensation Committee may determine. The Compensation Committee may provide for full or partial credit, prior to completion of such award cycle or achievement of the degree of attainment of the measures of performance specified in connection with such performance unit, in the event of the participant's death, normal retirement, early retirement, or total or permanent disability, or in other circumstances. The grantee will have no voting rights in respect of shares underlying a Restricted Stock Unit unless and until shares are actually issued in satisfaction of the Award. The Compensation Committee in its discretion may grant dividend equivalent rights in respect of a Restricted Stock Unit that, upon vesting of the Award, will entitle the grantee to ratable payment of dividends declared while the Award was unvested.

Special Vesting Rules

Section 162(m)

The Compensation Committee, in its sole discretion, may grant a restricted stock Award or Restricted Stock Unit Award that is intended to qualify for the performance-based compensation

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exception to the application of Section 162(m). In such a case, the Compensation Committee will condition the vesting or exercisability of the Award on the attainment of performance goals that are pre-established by the Compensation Committee and that are based, for any period specified by the Compensation Committee in its discretion, on one or more of the following criteria as applied to the participant, a business unit of the Company and/or an affiliate of the Company: stock price, market share, sales, earnings per share, return on equity, assets, capital or investment, net income, operating income, operating income before restructuring charges, plus depreciation and amortization other than relating to early extinguishment of debt and debt issuance costs, sales growth, expense targets, working capital targets relating to inventory and/or accounts receivable, operating margin, planning accuracy (as measured by comparing planned results to actual results), and implementation or completion of critical projects or processes. In any year, the total number of shares that may be made subject to such restricted stock Awards granted to any Stock Plan participant that is intended to qualify for the performance-based compensation exception to the application of Section 162(m) may not exceed 1,000,000 shares, and the total number of shares that may be made subject to such Restricted Stock Unit Awards granted to any Stock Plan participant that is intended to qualify for the performance-based compensation exception to the application of Section 162(m) likewise may not exceed 1,000,000 shares.

To the extent required to qualify payment under an Award as performance-based compensation within the meaning of Section 162(m), Awards whose vesting or exercise is conditioned on the attainment of such performance measures shall become vested or exercisable (as the case may be) only after the attainment of such performance measures has been certified by the Compensation Committee. Whether or not an Award is intended to constitute performance-based compensation within the meaning of Section 162(m), the Compensation Committee shall have the authority to make appropriate adjustments in performance goals under the Award to reflect the impact of extraordinary items not reflected in such goals.

Minimum Vesting Requirements

Awards other than Options and SARs generally vest (i.e., become nonforfeitable) over a minimum period of three years; provided that (i) upon a ‘‘Reorganization Event’’ (as further described below) or, in respect of such an Award to any participant, in the event of the participant’s death, disability, or retirement, no such minimum vesting period shall be required, (ii) to the extent vesting in such an Award is conditioned upon the achievement of one or more performance goals, the Award shall vest over a minimum period of one year (rather than over a minimum period of three years), and (iii) up to 6,565,000 shares may be made subject to such Awards without the Stock Plan’s minimum vesting requirements (prior to the Stock Plan Amendment and Restatement, this number was 4,065,000 shares); note, that, upon giving effect to the Stock Plan Amendment and Restatement, and based on Awards of restricted stock and Restricted Stock Units previously granted with shorter vesting terms as of September 30, 2007, 3,220,800 shares would have remained available for Awards of restricted or unrestricted stock or restricted stock units without regard to the minimum vesting requirements as of such date. With respect to the minimum vesting requirements described above, vesting over a three-year period or one-year period (as the case may be) shall include periodic vesting over such period if the rate of such vesting is proportional throughout such period; provided, however, that, standard vesting restricted stock and Restricted Stock Units (i.e., those Awards not subject to the shorter-vesting basket described in clause (iii) above) may not include periodic vesting thereunder for any interval of less than one year.

Acceleration of Vesting

Subject to the terms of the Stock Plan, the Compensation Committee in its discretion may accelerate the time or times at which an Award may vest or be exercised. During 2006, the Compensation Committee exercised its discretion under the Stock Plan and has determined that, should a change of control (as defined in the Company’s forms of Stock

Option and Restricted Stock Award Agreements under the Stock Plan, filed as Exhibits 10.10 and 10.11, respectively, to the Company’s Annual Report on Form 10-K for the year ended December 31, 2006) occur in the future, all stock options, stock appreciation rights and restricted stock grants outstanding on November 12, 2006 would fully vest.

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Effect of Termination of Employment/Service

Except as provided below or as otherwise provided in an applicable Award Agreement, if the employment (or services in the case of a Non-Employee Director) of a grantee with the Company and its affiliates terminates, Options and SARs that are then exercisable will remain exercisable, and any payment or notice provided for under the terms of the vested portion of any other outstanding Award may be given, for a period of 90 days from the date of any such termination, and any Awards or parts thereof that are not exercisable on such termination date will be cancelled and the grantee may not satisfy any condition, limitation or restriction which is unsatisfied as of such termination date.

If the grantee's employment (or provision of services, in the case of a Non-Employee Director) is terminated by the Company for ''good reason'' (as defined in the Company's Executive Severance Policy) or for ''cause'' under an applicable employment agreement or, in the case of a Non-Employee Director, removal for cause as set forth in the Company's By-laws from time to time, or by the grantee other than for ''good reason'' or ''cause'' under an applicable employment agreement, then as of the date of termination all outstanding Awards previously granted to such grantee (whether or not then vested or exercisable) shall be cancelled and the portion of all restricted stock Awards which are unvested or as to which restrictions have not lapsed shall be cancelled and the grantee may not satisfy any condition, limitation or restriction which is then unsatisfied.

If the grantee voluntarily retires with the Company's consent or retires as a Non-Employee Director with the Company's consent or the grantee's employment is or services as a Non-Employee Director are terminated due to permanent disability, then Options or SARs that are vested and exercisable as of the date of termination will be exercisable for one year from the date of termination, unvested Options and SARs will expire, and unvested restricted shares and any other Awards will be forfeited, in each case on the date of termination.

Upon the grantee's death during employment (or during service as a Non-Employee Director) or during the period under which continued exercisability is provided for as described above, Options or SARs exercisable as of the date of the grantee's death will be exercisable by the estate of the deceased grantee for one year from the date of the grantee's death, unvested Options or SARs will expire as of the date of death, and unvested restricted shares and any other Awards will be forfeited as of the date of death.

Upon the termination of the grantee's employment or service for any other reason, vested Options and SARs will be exercisable for 90 days, unvested Options and SARs will expire, and unvested restricted shares and any other Awards will be forfeited, in each case on the date of termination. Additionally, if a grantee ceases employment and accepts employment with a competitor in violation of the Company's standard Employee Agreement as to Confidentiality and Non-Competition (or any other applicable non-compete agreement), then profits realized from the exercise of any Options or SARs during the 12-month period prior to the date of termination would be repayable to the Company and the value of any vested restricted shares or other Awards for which consideration was received during the 12-month period prior to the date of termination would be repayable to the Company.

The Compensation Committee may vary any of the rules described in the preceding paragraph pursuant to its authority under the Stock Plan by making different provision in an Award Agreement. Moreover, the Compensation Committee in its discretion may provide for a longer or shorter period for exercise of an Option or SAR or may permit a grantee to continue vesting under any Option, SAR or restricted stock or other Award or to make any payment, give any notice and continue satisfying any performance or other condition under any other Award in the case of a grantee whose employment terminates, as follows:

(i) the Compensation Committee may make the aforesaid adjustments to Awards of restricted stock and restricted stock units not subject to the minimum vesting requirements of the Stock Plan, which have been granted pursuant to the exception thereto in the Stock Plan, in the case of a grantee whose employment has terminated, for any reason in the Compensation Committee's discretion; and

(ii) the Compensation Committee may make the aforesaid adjustments to any Award granted under the Stock Plan (without limitation by clause (i)) in the case of a grantee whose employment has

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terminated due to (or in connection with) the following circumstances: (1) the occurrence of a Reorganization Event involving the Company; (2) such grantee's employer ceases to be an affiliate of the Company; (3) a grantee transfers employment with the Company's consent to a purchaser of a business disposed of by the Company; (4) a grantee voluntarily retires with the consent of the grantee's employer or retires as a non-employee director with the consent of the Company; (5) a grantee's employment or services as a non-employee director terminates due to permanent disability; or (6) a grantee dies.

Effect of Certain Changes

In the event that the Company is to be merged or consolidated with another corporation or reorganized or liquidated and there is any change in the shares of Common Stock as then constituted by reason of such merger or consolidation, or in the event that all or substantially all of the Company's assets are acquired by another person, or in the event of a reorganization or liquidation of the Company or any successor, or other similar transaction (each, a ''Reorganization Event''), then the Compensation Committee in its discretion may, by written notice to a grantee, provide: (1) that Awards of Options and SARs granted to a grantee and all other Awards requiring action on the part of a grantee would terminate unless exercised within the period determined by the Compensation Committee (not less than 30 days), in which case the Compensation Committee must accelerate the exercisability and vesting of such Awards; or (2) that the exercisability and vesting of Awards of Options and SARs and all other Awards requiring action on the part of a grantee shall be accelerated, without providing for an early termination date for such Awards. The Compensation Committee may also, in its sole discretion, by written notice to a grantee, provide that the restrictions on restricted stock Awards shall lapse and the performance and other conditions of other Awards shall be adjusted in connection with any Reorganization Event, upon such terms as the Compensation Committee may determine. Whenever deemed appropriate by the Compensation Committee, it may make the actions referred to above conditional upon the consummation of the applicable Reorganization Event.

Amendment and Termination

The Company's Board of Directors may amend, suspend or discontinue the Stock Plan at any time except that, unless approved by a majority in voting power of the Company's stockholders, no such amendment may (i) materially increase the maximum number of shares as to which Awards may be granted under the Stock Plan, except for adjustments to reflect stock dividends or other recapitalizations affecting the number or kind of outstanding shares, (ii) materially increase the benefits accruing to Stock Plan participants, (iii) materially change the requirements as to eligibility for participation in the Stock Plan, (iv) except in the case of a participant's death, permit an Option or unrelated SAR granted on or after April 14, 2004 to be exercisable more than seven years after the date of grant (Option and SAR Awards made prior to April 14, 2004 generally had 10-year terms) or permit a restricted stock Award to vest, or shares of the Company's Class A Common Stock to be delivered pursuant to a Restricted Stock Unit Award, more than 10 years after the date of grant (except where such event occurs due to the death of the grantee), (v) permit an Option to have an exercise price, or a SAR to have an appreciation base, of less than 100% of the fair market value of a share of the Company's Class A Common Stock on the date the Option or SAR is granted, (vi) have the effect of lowering the exercise price of any Option or the appreciation base per share of any SAR after it is granted or (vii) extend the term of the Stock Plan beyond a 10-year period. The Stock Plan terminates on April 14, 2014, although Awards granted before that date will remain in effect in accordance with their terms.

Payment of Taxes

Whenever cash is to be paid pursuant to an Award, the Company shall have the right to deduct from such award an amount sufficient to satisfy any related federal, state and local withholding tax requirements. Whenever shares of the

Company's Class A Common Stock are to be delivered pursuant to an Award, the Company shall have the right to require the grantee to remit to the Company in cash an amount sufficient to satisfy any related federal, state and local withholding tax requirements. With the approval of the Compensation Committee, a grantee may satisfy the foregoing requirement by delivering unrestricted shares of the Company's Class A Common Stock owned by the grantee for at least six months

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having a value equal to the amount otherwise payable or by electing to have the Company withhold from the delivery of the shares of the Company's Class A Common Stock shares having a value equal to the minimum amount of the tax to be withheld. Such shares shall be valued at their fair market value on the date on which the amount of tax to be withheld is determined. Such a withholding election may be made with respect to all or any portion of the shares to be delivered pursuant to an Award.

CERTAIN FEDERAL INCOME TAX EFFECTS

THE FOLLOWING DISCUSSION OF UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE ISSUANCE AND EXERCISE OF OPTIONS GRANTED UNDER THE STOCK PLAN IS BASED UPON THE PROVISIONS OF THE INTERNAL REVENUE CODE AS IN EFFECT ON THE DATE OF THIS INFORMATION STATEMENT, CURRENT REGULATIONS, AND EXISTING ADMINISTRATIVE RULINGS OF THE INTERNAL REVENUE SERVICE. IN ADDITION, THIS DISCUSSION ASSUMES THAT ALL AWARDS ARE EXEMPT FROM, OR COMPLY WITH, THE RULES IN SECTION 409A OF THE INTERNAL REVENUE CODE REGARDING NONQUALIFIED DEFERRED COMPENSATION AND THE REGULATIONS PROMULGATED UNDER SECTION 409A. THIS DISCUSSION IS NOT INTENDED TO BE A COMPLETE DISCUSSION OF ALL OF THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE STOCK PLAN OR OF THE REQUIREMENTS THAT MUST BE MET IN ORDER TO QUALIFY FOR THE DESCRIBED TAX TREATMENT.

Non-Qualified Stock Options

An optionee will not recognize any taxable income upon the grant of an NQSO and the Company will not be entitled to a tax deduction with respect to the grant of an NQSO. Upon exercise of an NQSO, the excess of the fair market value of the Company's Class A Common Stock on the exercise date over the Option exercise price will be taxable as compensation income to the optionee and will be subject to applicable withholding taxes. The Company will generally be entitled to a tax deduction at such time in the amount of such compensation income. The optionee's tax basis for the Company's Class A Common Stock received pursuant to the exercise of an NQSO will equal the sum of the compensation income recognized and the exercise price. In the event of a sale of the Company's Class A Common Stock received upon the exercise of an NQSO, any appreciation or depreciation after the exercise date generally will be taxed as capital gain or loss and will be long-term capital gain or loss if the holding period for such Class A Common Stock is more than one year.

Incentive Stock Options

An optionee will not recognize any taxable income at the time of grant or timely exercise of an ISO and the Company will not be entitled to a tax deduction with respect to such grant or exercise. However, exercise of an ISO is taken into account for alternative minimum tax purposes and, if the ISO is not exercised on a timely basis (generally, while the optionee is employed by the Company or within three months after termination of employment) or if the optionee subsequently engages in a ‘‘disqualifying disposition,'' as described below, it would give rise to taxable compensation income subject to applicable withholding taxes and a corresponding tax deduction to the Company.

A sale or exchange by an optionee of shares acquired upon the exercise of an ISO more than one year after the transfer of the shares to such optionee and more than two years after the date of grant of the ISO will result in any difference between the net sale proceeds and the exercise price being treated as long-term capital gain (or loss) to the optionee. If such sale or exchange takes place within two years after the date of grant of the ISO or within one year from the date of transfer of the ISO shares to the optionee, such sale or exchange will generally constitute a ‘‘disqualifying disposition'' of such shares that will have the following results: any excess of (i) the lesser of (a) the fair market value of the shares at the time of exercise of the ISO and (b) the amount realized on such disqualifying disposition of the shares over (ii) the Option exercise price of such shares will be taxable as ordinary income to the optionee, and the Company will be entitled to a tax deduction in the amount of such income. Any further gain or loss after the date of exercise generally will qualify as a capital gain or loss and will not result in any deduction by the Company.

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COMPENSATION DISCUSSION AND ANALYSIS

Set forth below is the discussion of the compensation awarded to, earned by, or paid to the Company's Named Executive Officers during 2006 (as defined below). This discussion explains all material elements of the Company's compensation of the Named Executive Officers during 2006, including: (i) the objectives of the Company's compensation program; (ii) what the compensation program is designed to reward; (iii) each element of compensation; (iv) why the Company chooses to pay each element; (v) how the Company determines the amount (and, where applicable, the formula) for each element to pay; and (vi) how each compensation element and the Company's decisions regarding that element fit into the Company's overall compensation objectives and may affect decisions regarding other elements.

Objectives of the Company's Compensation Program and What it is Designed to Reward

The Company's philosophy is to provide a compensation package that is designed to satisfy the following principal objectives:

- to align the interests of management and employees with corporate performance and shareholder interests. This is accomplished by rewarding performance that is directly linked to achievement of the Company's business plan and strategic goals;
- to both attract and retain exceptional performers and key contributors with the skills, capabilities and experience necessary for the Company to achieve its business objectives who are prepared to, and capable of, working in a lean organization and in a turnaround environment. This requires that the Company's compensation programs be competitive with the compensation practices of other leading consumer products companies; and
- to tie components of executives' compensation to the Company's performance by incentivizing and rewarding individual, team and collective performance, such as through the execution of actions that contribute to the achievement of the Company's strategies and goals and/or increases in Company stock price, including accomplishments within assigned functional areas and successfully managing their respective organizations in a changing environment.

Each Element of Compensation and Why the Company Chooses to Pay It

In order to achieve the objectives discussed above, the Company maintains a relatively simple compensation program, consisting principally of: (i) cash salary; (ii) eligibility for annual cash bonuses contingent upon the achievement of specific bonus and/or personal objectives (under which there were no payouts in respect of 2006, as the specific annual performance targets were not achieved); and (iii) equity grants (principally Options and restricted stock) under the Company's Stock Plan.

The performance-based incentive compensation elements of cash bonus and equity grants have not resulted in any significant wealth accumulation for any of the Named Executive Officers. None of the Named Executive Officers received a cash bonus under the Executive Bonus Plan in respect of the Company's 2006 performance and, based on the NYSE closing price of Revlon Class A Common Stock on the Record Date, all options held by the Named Executive Officers were ''underwater'' in that the exercise price of all of their stock options exceeded such NYSE closing price of $1.13. In that regard, the lowest price of any stock option currently held by a Named Executive Officer is $2.55.

Base Salary

With that context, the Company seeks to design its total compensation, including salaries, bonuses and equity awards in the aggregate, to be competitive with other leading consumer products companies and other companies outside of the consumer products field (collectively, the ‘‘Comparison Group’’), taking into account total compensation. While the Comparison Group is comprised primarily of consumer products companies, companies outside of the consumer products field are also included because the Company believes that the market for certain executive talent is broader.

The Company’s base salaries for senior executives are generally at the higher range of competitive base salaries, while total compensation has been below market since annual cash incentives historically

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have either not been earned or earned at a small percentage of targets, and Options and restricted stock have not resulted in any meaningful wealth accumulation by any of the Named Executive Officers.

Base salary adjustments are generally made annually and have in the past been awarded based on individual performance, assumption of new responsibilities, competitive data from the Comparison Group, employee retention efforts and the Company’s overall guidelines and annual salary budget guidelines. Higher annual increases are available to higher performers and key contributors, provided that the overall increases are within budgeted guidelines, which are generally consistent with external benchmarks.

During 2006, Messrs. Kennedy’s, Ennis’ and Kretzman’s salaries were increased to reflect their assumption of significantly expanded responsibilities in a much leaner organization after the Company’s 2006 restructuring activities, namely the February 2006 organizational realignment and the September 2006 organizational streamlining, including: (i) Mr. Kennedy’s election as President and Chief Executive Officer in September 2006; (ii) Mr. Ennis’ undertaking responsibilities as Executive Vice President and Chief Financial Officer; and (iii) Mr. Kretzman’s undertaking responsibility for the Company’s worldwide human resources function and its licensing business, in addition to his responsibilities as the Company’s Chief Legal Officer and Chief Compliance Officer and oversight of the Company’s security function.

Annual Cash Bonus — Executive Bonus Plan

Under the Executive Bonus Plan, annual cash bonuses are designed to reward the achievement of specific business objectives approved by the Compensation Committee in the beginning of each year. These objectives are generally tied to the Company’s financial performance and achievement of its business strategy, such as, without limitation, net sales and EBITDA targets.

Payouts under the Company’s cash bonus plan are contingent upon the achievement of these annual performance objectives. The level of payout under the cash bonus plan is generally dependent upon the degree to which the Company has achieved key aspects of its business strategy.

Upon the achievement of relevant bonus objectives, an employee participating in the Executive Bonus Plan can earn his or her target if he or she achieves his or her individual objectives, with higher or lower amounts available based upon relative performance to incentivize and reward high performance, provided in all cases that the overall bonus budget is not exceeded.

All of the Named Executive Officers (as well as other eligible employees based on their salary grade) were eligible to participate in the Executive Bonus Plan in effect for 2006. The bonus objectives for Messrs. Kennedy, Ennis, Kretzman and Stahl established by the Compensation Committee in February 2006 included the achievement of specified levels of net sales, consumption and EBITDA, which were designed to be challenging to be attained and which in fact were not attained for 2006, resulting in no bonuses being paid to the Named Executive Officers in respect of 2006. In addition to these objectives, in recognition of his role as Executive Vice President, International, Mr. McGuire’s bonus objectives, set by the Compensation Committee, included the achievement of certain levels of international net sales and international EBITDA (collectively, the ‘‘2006 Executive Officer Performance Factors’’). Eligibility for awards under the executive bonus plan in effect for 2006 was also conditioned upon an executive having executed the Company’s standard employee confidentiality and non-competition agreement.

Generally, each salary grade that is eligible for payouts under the Executive Bonus Plan has a target bonus, expressed as a percentage of base salary. Mr. Kennedy, as the Company’s President and Chief Executive Officer, and Mr. Stahl, who was President and Chief Executive Officer until he ceased employment with the Company in September 2006, were eligible for a target bonus of 100% of their respective base salaries and a maximum bonus of 150% of their respective base salaries. With respect to the period from January 1, 2006 until his assuming the role of President and Chief Executive Officer in September 2006, Mr. Kennedy’s target bonus was 75% of base salary and a maximum of 100% of his base salary. With respect to the period from January 1, 2006 until his assuming the role as Executive Vice President and Chief Financial Officer in November 2006, Mr. Ennis’ target bonus was 40% of his base salary and a maximum of 60% of his base salary. After Mr. Ennis was appointed Chief Financial Officer in November 2006, his bonus target was raised to 75% of his base salary and a maximum of 100% of his

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base salary. During 2006 Mr. Kretzman was eligible for a target bonus of 75% and a maximum bonus of 100% of his base salary and Mr. McGuire was eligible for a target bonus of 45% and a maximum bonus of 70% of his base salary. In March 2007, the Compensation Committee determined that as the threshold objectives were not met, no bonuses were payable under the Executive Bonus Plan in respect of 2006 to any of the Named Executive Officers.

The Compensation Committee can exercise discretion to award payouts under the Company's Executive Bonus Plan, absent the Company's attaining its performance objectives, which may be due to unforeseen internal or external events or to serve as a component of employee retention. However, as to 2006 the Compensation Committee did not award any discretionary bonus payments to any participant in the Executive Bonus Plan, including the Named Executive Officers.

Accordingly, the Summary Compensation Table in this Information Statement reflects that no bonus awards were made in respect of 2006 to the Named Executive Officers pursuant to the terms of the Executive Bonus Plan in effect for 2006.

Long-Term Compensation — The Stock Plan

The third principal component in total compensation for the Company's key employees (i.e., salary, bonus and equity) is the award of Options and restricted stock under the Stock Plan.

Grants of Options and restricted stock are designed to directly align a portion of compensation for key employees with shareholders' interests and to serve as the Company's principal element of long-term compensation. As such, typically, Awards under the Stock Plan designed to address long-term compensation goals include time-based vesting provisions. Also, for retention purposes, the Company has in the past and in the future may consider awarding Options and restricted stock with more compressed time-based vesting schedules or performance-based vesting provisions, which are designed in part to provide a retention incentive for employees identified as being key to the Company's ability to achieve its business strategies. To the extent advisable and consistent with its compensation and retention needs, the Company may grant Awards of restricted stock with both time-based and performance-based vesting provisions.

Option and/or restricted stock Awards generally have been granted annually to executives and other key employees. All of the Named Executive Officers (as well as other eligible employees based on salary grade) participate under the Stock Plan. Guidelines for the size and type of Awards are developed based upon, among other factors, shares available for grant under the Stock Plan, the executive's position in the Company, his or her contributions to the Company's objectives and total compensation, as compared to external benchmarks. Larger equity Awards are made to more senior executives so that a larger portion of their total potential compensation will be variable and will increase upon shareholder value creation.

Factors that may be considered in deciding which form the equity Awards will take (i.e., Options or restricted stock) may include, among others, the Company's stock price at the time the Awards are granted; the degree to which the Awards are intended to provide a retention incentive; and the impact on ''overhang'' (i.e., the dilutive effect on the Company's common stock).

Grants of Options and restricted stock are not specifically timed to be made before major announcements or earnings releases. Grants of equity Awards as a result of new-hires or promotions generally are made at the next Compensation Committee meeting following such events. There are generally no differences in the timing of equity grants for the Named Executive Officers, compared with other eligible employees.

During 2006, the Company's stock price declined when the Company announced that its Vital Radiance launch had not been successful and that the Company was discontinuing the brand. Additionally, the Company effected an organizational realignment in February 2006 and a second organizational streamlining in September 2006, which resulted in the elimination of positions and layers of management. The Company also changed its Chief Executive Officer in September 2006. As a result of these factors, the Company strongly believed that it was critical to provide an important compensatory incentive to key employees who were identified as being essential to the Company's operations and the execution of its business strategy. Accordingly, in November 2006, the Compensation Committee, based

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upon management's recommendation and upon advice from Mercer, approved Awards of restricted stock to key staff (the ''2006 Restricted Stock Awards'') in order to retain and motivate these employees to enable the Company to continue to execute its business strategy for 2006 and 2007. Such grants were made after the Company's release of its third quarter earnings and after the filing of its Quarterly Report on Form 10-Q for the third quarter of 2006.

Certain of the 2006 Restricted Stock Awards vest 50% in July 2007, 25% in January 2008 and 25% in July 2008 to provide a short-term incentive to key employees to remain focused on continuing to execute the Company's business strategy. However, the grants of the 2006 Restricted Stock Awards to all of the Named Executive Officers and to certain of the Company's other senior executives and non-U.S. executives vest on a longer time-frame, i.e., one-third of the restricted shares granted to such executives vests on each anniversary of the grant date, which is the vesting period that historically has been used by the Compensation Committee in granting restricted stock Awards. As part of this program, Mr. Ennis also received a grant vesting pursuant to the foregoing shorter vesting schedule as he was not a Named Executive Officer on the November 2006 grant date of the 2006 Restricted Stock Awards. In connection with the 2006 Restricted Stock Grants, each grant, including grantee, grant size and vesting terms, was specifically approved by the Compensation Committee at a meeting in November 2006, and the grants were effective on the date of the meeting.

The 2006 Restricted Stock Grants provide that in the event of a change of control, as defined in the Award agreements for the grants, all such grants shall be immediately vested. Additionally, during 2006 the Compensation Committee exercised its discretion under the Stock Plan and has determined that should a change of control occur in the future, all Options and restricted stock grants outstanding in November 2006 would fully vest.

While equity Awards under the Stock Plan generally involve no immediate cash cost, the Company does recognize expense for such Awards in accordance with Statement of Financial Accounting Standards (''SFAS'') No. 123(R), ''Share-Based Payment'' (''SFAS No. 123(R)''). Grantees generally may elect to surrender back to the Company shares of restricted stock on each vesting event in order to satisfy withholding taxes, which the Company in turn satisfies on behalf of the grantee. These surrendered shares also ''refresh'' the shares available for the issuance of additional Awards under the Stock Plan. In addition, surrendering the shares back to the Company avoids the need for the grantee to sell shares of Revlon Class A Common Stock in the market to cover those withholding taxes. Such withheld shares become treasury shares on the records of the Company.

Other Compensation and Benefit Programs

The Company also maintains fairly standard benefits that are generally consistent with those offered by other major corporations and are generally available to all of the Company's full time employees (subject to meeting basic eligibility requirements). These plans include the Revlon Employees' Savings, Investment and Profit Sharing Plan (the ''Savings Plan''), which is a defined contribution plan, the Revlon Employees' Retirement Plan (the ''Retirement Plan''), which is a defined benefit plan, and the Revlon Pension Equalization Plan (the ''Pension Equalization Plan''), which is a non-qualified and unfunded plan that provides retirement benefits to employees, including the Named Executive Officers, equal to those that would have been provided under the Retirement Plan for compensation in excess of Code limits. The Retirement Plan and Pension Equalization Plan are described in more detail under the ''Pension Benefits'' table below.

In the past, the Company maintained the Revlon Excess Savings Plan for Key Employees (the ''Excess Savings Plan'') in respect of compensation in excess of these Code limitations to employees, including Messrs. Kretzman and Stahl. That plan was closed on December 31, 2005.

The Company offers fairly standard medical, dental and life insurance coverage that is generally available to all U.S.-based non-union employees.

The Company also maintains a very limited number of benefit programs that are only available to the Named Executive Officers and other senior employees qualifying for eligibility based on salary grade level. Such benefits and perquisites include a supplemental Executive Medical Plan, automobile allowances or Company-provided automobiles for certain Named Executive Officers, reimbursement of certain limited costs for financial counseling and tax preparation and reimbursement for certain life insurance premiums. These types of benefits are commonly made available to senior executives at other major corporations and assist the Company in attracting and retaining key talent.

How the Company Determines the Amount (and, Where Applicable, the Formula) for Each Element of Compensation to Pay and How Each Compensation Element and the Company's Decisions Regarding that Element Fit Into the Company's Overall Compensation Objectives and May Affect Decisions Regarding Other Elements

General

The Company focuses annually on developing a total remuneration level that is intended to be externally competitive. Salary ranges, annual bonus plan targets and equity compensation targets are developed using a ''total remuneration'' perspective under which total remuneration is targeted to be within ranges compared to the Comparison Group. Values and targets of each element may change from year to year. As a general matter, since the Named Executive Officers have not realized any meaningful wealth accumulation from equity Awards or other incentive compensation, as described above, the absence of wealth accumulated from prior compensation, such as equity Awards, has influenced setting base salaries.

Generally speaking, the Company designs its compensation programs such that there is a correlation between level of position and degree of risk in compensation. Based on that guiding principle, the Company's more senior executives with the highest levels of responsibility and accountability have a higher percentage of their total potential remuneration at risk, i.e., incentive and equity compensation, than do employees with lower levels of responsibility and accountability. This means that a higher proportion of their total potential compensation is based upon variable incentive pay and equity compensation, than is the case with the Company's employees with lower levels of responsibility and accountability.

Role of the Compensation Committee

The Compensation Committee reviews and approves, among other things, salary increases for the Company's Named Executive Officers; the structure of the Company's Executive Bonus Plan, including annual performance objectives for the Named Executive Officers; and the structure and actual grants of Awards under the Company's equity award programs, including the 2006 Restricted Stock Grants.

The Compensation Committee reviews and approves goals and objectives relevant to the compensation of the Company's Chief Executive Officer, evaluates the CEO's performance in respect of those goals and objectives and determines, either as a committee or together with the Board of Directors, the CEO's total compensation level based on such evaluation. The Compensation Committee also reviews and approves compensation and incentive arrangements (including performance-based arrangements and bonus awards under the Executive Bonus Plan) for the Company's other Named Executive Officers (as well as such other employees of the Company as the Compensation Committee may determine from time to time to be necessary or desirable). The Compensation Committee also reviews and approves the grant of Awards pursuant to the Stock Plan and administers such plan.

The Compensation Committee has reviewed ''tally sheets,'' which include key components of the Named Executive Officer's compensation, including, among other things: (i) a detailed breakdown of 2006 compensation, including base salary, bonus and perquisites and other fringe benefits; (ii) estimates of the annual actuarial accrual of pension benefits; (iii) a summary of equity grants (i.e., restricted stock and stock options), as well as the SFAS No. 123(R) expense, vesting provisions and any change in control provisions of those grants; and (iv) estimates of severance benefits that would apply under each of the Named Executive Officer's employment agreements.

The Company's Executive Vice President, Human Resources, in consultation with the Company's Chief Executive Officer, works with the Company's compensation group to recommend: (i) merit increase guidelines under the Company's salary administration program; (ii) the structure of the Company's

Executive Bonus Plan and other bonus plans; and (iii) the structure of equity award programs under the Company's Stock Plan, including the 2006 Restricted Stock Grants.

The Compensation Committee considers input from independent consultants, as well as from the Company, in its consideration of the competitiveness and effectiveness of, and its oversight and approval of, the compensation arrangements for the Company's Chief Executive Officer and other Named Executive Officers.

During 2006, the Compensation Committee consulted with Mercer with respect to the following matters, among others: (i) the structure and components of the 2006 executive bonus program; (ii) the establishment, effective as of January 1, 2006, of an annual retainer fee of $10,000 for the Chairman of the Audit Committee, if such Chairman is a non-employee independent director, in recognition of the increased responsibilities that have arisen as a result of the passage of the Sarbanes-Oxley Act of 2002 and revised SEC and NYSE rules; (iii) amending and restating the Company's Stock Plan effective in November 2006 to increase the number of shares available for Awards of restricted stock, without increasing the total number of shares available for Awards, to enable the Company to grant restricted stock to key employees who are essential to the Company's operations; (iv) the Compensation Committee's grant of 25,000 shares of restricted stock to each of the Company's independent, non-employee directors (specifically, Messrs. Bernikow, Bohan, Feldberg, Landau, Wolfe and Mses. Lee, Robinson and Seifert), which equity grants were made as part of the annual compensation for Board members; (v) the structure and components of the Company's 2007 executive bonus program; and (vi) consideration of amendments to the Named Executive Officers' employment agreements to provide certain double trigger severance benefits in the event they are terminated after any change of control.

As there has never been a restatement of the Company's financial results, the Company has not considered any policy in respect of adjustment or recovery of amounts paid under its compensation plans.

2006 Chief Executive Officer Compensation

In September 2006, upon Mr. Stahl's termination of employment, the Board of Directors elected Mr. Kennedy as President and Chief Executive Officer. Mr. Kennedy was previously the Company's Executive Vice President, Chief Financial Officer and Treasurer, and prior to that served as President of the Company's international operations.

Mr. Kennedy had an existing employment agreement with Revlon Consumer Products Corporation, the Company's wholly-owned operating subsidiary (''Products Corporation''), which was approved by the Compensation Committee when he joined the Company in 2003 as President of the Company's international operations. Upon Mr. Kennedy's assuming the role of Executive Vice President, Chief Financial Officer and Treasurer in March 2006, his employment agreement was amended, with the Board's approval, to reflect his undertaking the Chief Financial Officer and Treasurer responsibilities with no increase in base compensation, bonus entitlement or perquisites.

Upon Mr. Kennedy's assuming the role of President and Chief Executive Officer in September 2006, the Board of Directors, to reflect his new roles and responsibilities, amended his agreement to increase his base salary to $1,300,000 per annum (which was the same base salary paid to Mr. Stahl under his employment agreement as Chief Executive Officer) and to provide that, effective upon such amendment, Mr. Kennedy's target bonus would be 100% of base salary based upon the achievement of objectives set by Compensation Committee (which was the same target bonus Mr. Stahl had under his employment agreement as Chief Executive Officer). Mr. Stahl's compensation package had been reviewed and approved by the Compensation Committee, based upon advice from Mercer.

Mr. Kennedy’s amended employment agreement also provided that the Compensation Committee would consider granting Mr. Kennedy a restricted stock grant of 250,000 shares (which grant was awarded by the Compensation Committee to Mr. Kennedy in November 2006 as part of the 2006 Restricted Stock Grants and which were reviewed by Mercer). Mr. Kennedy’s employment agreement also provides that in the event of any change of control, all of Mr. Kennedy’s unvested stock options and restricted shares would vest immediately. The term of Mr. Kennedy’s employment agreement was also extended to the later of December 31, 2008 or 24 months after Products Corporation provides notice of non-renewal. No other

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changes were sought by Mr. Kennedy or made by the Board of Directors to the other terms of his employment at that time. In addition, Mr. Kennedy did not recommend or participate in the Board's deliberations on his employment agreement amendment.

The Company considered Mr. Kennedy's promotion and election as President and Chief Executive Officer essential to maintain stability and ensure that the Company remained focused on profitability, while pursuing the execution of the Company's business strategy within the environment of a leaner organization in a turnaround situation.

Tax Deductibility of Executive Compensation

Section 162(m) places a limit of $1,000,000 on the amount of compensation that the Company may deduct, for tax purposes, in any one year with respect to each of its five most highly paid executive officers. There is an exception to the $1,000,000 limitation for performance-based compensation meeting certain requirements. Annual cash incentive compensation under the Executive Bonus Plan, stock option grants and performance-based stock grants generally are performance-based compensation meeting those requirements and, as such, are fully deductible. To maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals, the Compensation Committee has not adopted a policy requiring all compensation to be deductible. Since Mr. Kennedy's salary is, and Mr. Stahl's salary was, above the $1,000,000 threshold, a portion of their salaries and the Internal Revenue Service (''IRS'') value of their perquisites are not tax-deductible by the Company. Restricted stock and restricted stock units that have time-based vesting are not considered performance-based under Section 162(m) and, as such, are generally not tax-deductible by the Company.

COMPENSATION COMMITTEE

Compensation Committee Interlocks and Insider Participation

The Company's Compensation Committee of its Board of Directors does not have any interlocks or insider participation requiring disclosure under the SEC's executive compensation rules.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis set forth in this Information Statement with the Company's appropriate officers. Based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Information Statement.

Respectfully submitted,

Compensation Committee
Edward J. Landau, Chairman
Kenneth L. Wolfe

November 1, 2007

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EXECUTIVE COMPENSATION

Summary Compensation

The following table sets forth information for the years indicated concerning the compensation awarded to, earned by or paid to the persons who served as the Chief Executive Officer and the Chief Financial Officer of the Company during 2006 and the three most highly paid executive officers (see footnote (a) below), other than the Chief Executive Officer and the Chief Financial Officer, who served as executive officers of the Company at the end of 2006 (collectively, the ‘‘Named Executive Officers’’), for services rendered in all capacities to the Company and its subsidiaries during such periods. Note that Messrs. Stahl and McGuire ceased employment with the Company in September 2006 and October 2006, respectively. It should also be noted that under the SEC’s compensation disclosure rules, the summary compensation table below includes, under the columns ‘‘Stock Awards’’ and ‘‘Option Awards,’’ the expense required to be recognized by the Company pursuant to SFAS No. 123(R) during 2006 (excluding forfeiture assumptions) in respect of outstanding restricted stock and option awards to the Named Executive Officers. In all cases, option awards outstanding as of December 31, 2006 were ‘‘out-of-the-money,’’ in that in each case they had exercise prices that were above the NYSE closing market price of the Company’s Class A Common Stock of $1.28 on December 29, 2006 (the last NYSE trading day during 2006) and therefore had no realizable monetary value to the Named Executive Officers as of such date. See ‘‘Outstanding Equity Awards at Fiscal Year End.’’ Likewise, based on the NYSE closing market price of the Company’s Class A Common Stock of $1.13 per share on the Record Date, such option awards had no realizable monetary value as of such date. With respect to Mr. Stahl, in accordance with SFAS No. 123(R), following his departure from the Company in September 2006, the Company immediately recognized the full expense of his equity awards, which would otherwise have been amortized over the remaining vesting period had he remained employed with the Company.

Summary Compensation Table

Name and Principal Position(a)	Year	Salary ($)	Bonus ($)	Stock Awards ($)(b)	Option Awards ($)(c)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (d)	All Other Compensation ($)(e)	Total ($)
David L. Kennedy	2006	771,000	—	220,208	534,038	—	41,121	21,600	

1,587,967 President and Chief
Executive Officer Jack L. Stahl 2006 955,000 — 4,387,700
2,667,506 — — 4,419,866 12,430,072 Former President
and Chief Executive Officer Alan T. Ennis 2006 250,839 —
15,473 10,289 — 14,077 — 290,678 Executive Vice President and Chief Financial Officer
Robert K. Kretzman 2006 571,393 — 254,806 340,702 —
115,555 54,081 1,336,537 Executive Vice President, Human Resources Chief Legal Officer,
General Counsel and Secretary Thomas E. McGuire 2006
437,308 — 90,888 — — 26,232 18,716 573,144 Former Executive Vice President, President,
Revlon International (subsequently
forfeited)
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(a) For 2006, the Company is reporting the compensation of Messrs. Stahl, Kennedy, Ennis, Kretzman and McGuire, its only executive officers during 2006, provided that Messrs. Stahl and McGuire ceased employment with the Company in September 2006 and October 2006, respectively.

Mr. Stahl and Products Corporation entered into a separation agreement in September 2006 that provided him with the separation benefits that he was entitled to receive (and no others) pursuant to his employment agreement. See footnotes (b), (c), (d) and (e) below.

(b) The amounts set forth under the ‘‘Stock Awards’’ column reflect the expense required under SFAS No. 123(R) to be recognized by the Company during 2006, excluding forfeiture assumptions, in respect of all restricted stock awards held by the Named Executive Officers, including awards granted prior to 2006, some of which were unvested at December 31, 2006. The accounting principles and related assumptions used by the Company in calculating the expenses for such awards under SFAS No. 123(R) are set forth in Note 14 to the consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2006 filed with the SEC on March 13, 2007. The restricted shares granted to Named Executive Officers during 2006 pursuant to the Stock Plan are discussed below under ‘‘Grants of Plan-Based Awards’’ in this Information Statement.

Pursuant to his employment agreement and separation agreement, Mr. Stahl’s unvested restricted stock continues to vest following his departure from the Company. In accordance with SFAS No. 123(R), upon his departure from the Company, the Company recognized the full expense related to Mr. Stahl’s unvested restricted stock awards rather than continuing to amortize such expense over the remaining vesting periods, as is the rule with respect to current employees. Mr. Stahl was not granted any restricted stock in 2006.

Upon his October 2006 departure from the Company, Mr. McGuire forfeited 65,000 shares of unvested restricted stock that were granted to him on April 14, 2004.

(c) The amounts set forth under the ‘‘Option Awards’’ column reflect the expense required under SFAS No. 123(R) to be recognized by the Company during 2006, excluding forfeiture assumptions, in respect of all outstanding option awards held by the Named Executive Officers and reflect awards granted prior to 2006, some of which were unvested at December 31, 2006. The accounting principles and related assumptions used by the Company in calculating the expenses for such awards under SFAS No. 123(R) are set forth in Note 14 to the consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2006 filed with the SEC on March 13, 2007.

The Named Executive Officers were awarded no stock options during 2006. As of December 31, 2006, all stock options held by the Named Executive Officers had a strike price that was above the NYSE closing market price of the Company’s Class A Common Stock on December 29, 2006 (the last NYSE trading day during 2006) of $1.28 per share, as well as on the Record Date of $1.13 per share. The lowest exercise price of any options held by the Named Executive Officers is $2.55 per share. Accordingly, all of the stock options held by the Named Executive Officers had no realizable monetary value on December 31, 2006, nor on the Record Date, when the NYSE closing market price of the Company’s Class A Common Stock was $1.13.

Pursuant to his employment agreement and separation agreement, Mr. Stahl’s unvested options continue to vest following his departure from the Company. In accordance with SFAS No. 123(R), upon his departure from the

Company, the Company recognized the full expense related to Mr. Stahl's stock options, rather than continuing to amortize such expense over the remaining vesting periods, as is the rule with respect to current employees. As noted above, all of these option awards were ''out-of-the-money'' on December 31, 2006 and on the Record Date based on NYSE closing market prices on such respective dates.

Upon his October 2006 departure from the Company, Mr. McGuire forfeited 100,000 stock options granted to him on August 18, 2003 (75,000 of which had vested); 995,000 stock options granted to him on April 14, 2004 (497,500 of which had vested); and 130,000 stock options granted to him on March 7, 2005 (32,500 of which had vested).

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(d) The Company used September 30 as its pension plan measurement date for financial statement reporting purposes with respect to the audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2006 filed with the SEC on March 13, 2007. Accordingly, the amounts under the ''Change in Pension Value and Nonqualified Deferred Compensation Earnings'' column have been calculated based on the aggregate change in actuarial present value of the Named Executive Officers' accumulated benefit under the Retirement Plan and the Pension Equalization Plan from September 30, 2005 to September 30, 2006, based on the assumptions set forth in Note 11 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2006 filed with the SEC on March 13, 2007. These amounts have been calculated based on normal retirement age of 65 as specified in the Retirement Plan and Pension Equalization Plan. The Pension Equalization Plan is a non-qualified and unfunded plan. Note that, as of January 1, 2007, the Company adopted the requirement to measure defined benefit plan assets and obligations as of December 31st, rather than using a September 30th measurement date.

- For Mr. Kennedy, this amount includes $12,130 under the Retirement Plan and $28,991 under the Pension Equalization Plan.
- For Mr. Ennis, this amount includes $14,077 under the Retirement Plan.
- For Mr. Kretzman, this amount includes $38,934 under the Retirement Plan and $76,621 under the Pension Equalization Plan. Mr. Kretzman's employment agreement provides that he is entitled to receive a retirement benefit at age 62, calculated under the Retirement Plan and Pension Equalization Plan as if Mr. Kretzman had elected retirement at age 65. The aggregate change in actuarial present value of Mr. Kretzman's accumulated benefit calculated under the Retirement Plan based on retirement at age 62 is $51,806, and the actuarial change in present value of Mr. Kretzman's accumulated benefit calculated under the Pension Equalization Plan based on retirement at age 62 is $102,574.
- For Mr. McGuire, this amount includes $9,999 under the Retirement Plan and $16,233 under the Pension Equalization Plan. Upon his October 2006 departure from the Company, Mr. McGuire forfeited all benefits under the Retirement Plan and Pension Equalization Plan because he had not yet vested in his benefits under such plans. See ''Pension Benefits.''
- The actual change in actuarial present value of Mr. Stahl's accumulated benefits under the Retirement Plan and the Pension Equalization Plan was negative in the amount of ($293,296) (including ($41,338) under the Retirement Plan and ($251,958) under the Pension Equalization Plan) as a result of his departure from the Company because he had not yet vested in his benefits under the Retirement Plan and the Pension Equalization Plan.

(e) Mr. Kennedy. The amounts shown under All Other Compensation for Mr. Kennedy include: (i) payments of $15,000 in respect of a transportation allowance; and (ii) $6,600 in matching contributions under the 401(k) Plan.

Mr. Stahl. The amounts shown under All Other Compensation for Mr. Stahl include: