Offer to Purchase for Cash

All Outstanding Shares of Common Stock

of

Revlon, Inc.

at

$42 Net Per Share

by

Nicole Acquisition Company

a wholly owned subsidiary of

Pantry Pride, Inc.

THE PURCHASER WILL PURCHASE SHARES IF, AND ONLY IF, THE PURCHASER OBTAINS SUFFICIENT FINANCING TO ENABLE IT TO PURCHASE ALL OUTSTANDING SHARES.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, A MINIMUM OF 90 PERCENT OF THE SHARES OUTSTANDING ON THE DATE OF PURCHASE BEING VALIDLY TENDERED AND NOT WITHDRAWN.

THE OFFER EXPIRES AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, OCTOBER 11, 1985, UNLESS EXTENDED. THE WITHDRAWAL DEADLINE IS 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, OCTOBER 4, 1985.

Any stockholder desiring to accept the Offer should either (1) complete and sign the Letter of Transmittal or a facsimile copy thereof in accordance with the instructions in the Letter of Transmittal and mail or deliver it with his stock certificates and any other required documents to the Depositary or tender his Shares pursuant to the procedure for book-entry transfer set forth in Section 3 or (2) request his broker, dealer, commercial bank, trust company or other nominee to effect the transaction for him. A stockholder whose Shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact such broker, dealer, commercial bank, trust company or other nominee if such stockholder desires to tender such Shares.

Any stockholder desiring to accept the Offer whose certificates for Shares are not immediately available, or who cannot comply with the procedure for book-entry transfer on a timely basis, should tender such Shares by following the procedures for guaranteed delivery set forth in Section 3.

Questions and requests for assistance may be directed to the Dealer Manager or the Information Agent at their respective addresses and telephone numbers set forth on the back cover of this Offer to Purchase. Requests for additional copies of this Offer to Purchase and the Letter of Transmittal may be directed to the Information Agent or the Dealer Manager or to brokers, dealers, commercial banks or trust companies.

The Dealer Manager for the Offer is:

Drexel Burnham Lambert
INCORPORATED

September 16, 1985

Notes unless required to do so by a final non-appealable order of a court of competent jurisdiction. MacAndrews & Forbes Holdings Inc. ("MacAndrews & Forbes"), which owns 36.3 percent of Pantry Pride's voting stock, has commenced litigation seeking to have the Rights declared null and void and intends to pursue diligently such litigation. In addition, the Purchaser, Pantry Pride and MacAndrews & Forbes intend to take such other action as they may deem necessary or appropriate, including the commencement of additional litigation, to have the Rights declared null and void and to prevent the issuance of the Rights Notes. See Section 11.

If the Rights are redeemed, or the Purchaser is otherwise satisfied that the Rights are null and void, the Purchaser will consider making an appropriate increase in the price it is offering to pay for Shares and will consider waiving the condition of the Offer that at least 90 percent of the Shares outstanding on the date of purchase be validly tendered.

On August 29, 1985, the Company commenced an exchange offer (the "Company Offer") pursuant to which it offered to purchase up to 10 million Shares by exchanging, for each Share, (i) $47.50 principal amount of its 11.75% Senior Subordinated Notes due 1995 (the "Notes") and one-tenth of a share of its $9.00 Cumulative Convertible Exchangeable Preferred Stock, stated value $100 per Share (the "$9.00 Preferred Shares"). On September 13, 1985, the Company announced that it had accepted for payment 10 million Shares. The Company Offer to Purchase dated August 29, 1985 (the "Company Offer to Purchase") states that certain covenants in the indenture relating to the Notes (the "Note Indenture") and certain terms of the $9.00 Preferred Shares would make more difficult, and may prevent, consummation of tender offers such as the Offer. The Purchaser does not believe that such covenants and terms will prevent or delay consummation of the Offer. However, such covenants and terms may delay or prevent the consummation of the Merger and the sales of assets of the Company currently contemplated by the Purchaser. See Sections 11 and 12.

The purpose of the Offer is to acquire control of, and the entire common equity interest in, the Company. As soon as practicable following consummation of the Offer, the Purchaser intends to propose and seek to have the Company consummate a merger or similar business combination with the Purchaser or an affiliate of the Purchaser pursuant to which each outstanding Share (other than Shares held by Pantry Pride or any of its subsidiaries and other than Shares held by stockholders who perfect their appraisal rights under Delaware law) would be converted into the right to receive a cash payment (the "Merger"). The Purchaser has not yet determined the amount of cash per Share that would be payable in the Merger. Such determination will be based upon, among other things, whether the Company's Board of Directors redeems the Rights and whether the Independent Directors, as defined in the Note Indenture and the Certificate of Designations, Preferences and Rights of the $9.00 Preferred Shares (the "$9.00 Certificate"), waive certain restrictive covenants in the Note Indenture and certain restrictive terms of the $9.00 Preferred Shares. See Section 11. The Purchaser hopes that the Company's Board of Directors, including the Independent Directors, will act responsibly and in the best interests of the Company's stockholders, including, following the consummation of the Offer, Pantry Pride. If the Rights are redeemed and the Independent Directors waive such restrictive covenants and terms, the Purchaser presently intends that in the Merger each such outstanding Share would be converted into the right to receive the cash price paid pursuant to the Offer. The Purchaser has not yet made any determination with respect to the treatment of the Series A Preferred Shares and the $9.00 Preferred Shares (together, the "Preferred Shares") in the Merger. Such determination will be based upon, among other things, the factors set forth above. See Section 11 for a description of certain of the terms of the $9.00 Preferred Shares and the Notes.

If the existing Board of Directors of the Company remains in office following the consummation of the Offer and refuses to approve the Merger, the Purchaser, in order to consummate the Merger, would have to first replace a majority of the Board of Directors of the Company. As a result of the classified board provisions contained in the Company's certificate of incorporation, at least two annual meetings of the Company's stockholders could be required to elect new directors comprising a majority of the Board of Directors and to effect the Merger. See Section 12.

The financing described in Section 10 of this Offer to Purchase represents sufficient funds to purchase all Fully Diluted Shares pursuant to the terms of the Offer, and to pay the fees and expenses of the Offer and the interest and dividends on the Pantry Pride Securities (as hereafter defined) and interest on the Pantry Pride Notes and on any borrowings under the Bank Credit for a period of approximately nine months from the date Shares are first purchased pursuant to the Offer. This period of time assumes that the Purchaser receives the proceeds from the sale of $500 million principal amount of Pantry Pride Notes. If the Purchaser purchases Shares pursuant to the

Offer or otherwise, and is not able to effect the Merger prior to nine months from the date Shares are first purchased pursuant to the Offer, unless Pantry Pride or the Purchaser is able to obtain additional funds pursuant to sales of Pantry Pride assets, sales of Shares (which could have an adverse effect on market prices), refinancings or additional borrowings, any dividends received with respect to the Shares or otherwise. Pantry Pride and the Purchaser will not be able to continue to pay interest and dividends on the Pantry Pride Securities and interest on the Pantry Pride Notes and on borrowings under the Bank Credit. Any such sales by Pantry Pride would require consents under existing loan agreements and may require consent under the Bank Credit. Certain terms of the $9.00 Preferred Shares may restrict the Purchaser's ability to incur additional debt following the purchase of Shares and may restrict the Company's ability to pay dividends with respect to the Shares. In addition, certain terms of the Note Indenture restrict the Company's ability to pay dividends with respect to the Shares, other than cash dividends which in any one quarter do not exceed $.46 per Share. Accordingly, unless the Independent Directors waive certain restrictive terms of the $9.00 Preferred Shares and certain restrictive covenants of the Note Indenture, the Purchaser may not be able to obtain any additional financing or obtain dividends with respect to the Shares other than regular quarterly cash dividends as set forth above. Further, certain covenants in the indenture relating to the Rights Notes may restrict the payment of any dividends with respect to the Shares following the issuance of Rights Notes. See Section 11. Even if such restrictive covenants and terms are waived, there can be no assurance that Pantry Pride or the Purchaser will be able to obtain such additional funds. The actual period of time following the purchase of Shares pursuant to the Offer during which the Purchaser will be able to continue to pay such dividends and interest will depend upon, among other things, the number of Shares purchased and the cash flow of Pantry Pride. As a result, such period may be less than nine months. Accordingly, if the Purchaser purchases Shares pursuant to the Offer and is not able to effect the Merger within such time, there can be no assurance that the Purchaser will be able to purchase and pay for the remaining Shares. See Section 12. In addition, following the purchase of Shares pursuant to the Offer, depending upon, among other things, the timing of the consummation of the Merger, the amount of the Company's indebtedness, the prices at which any Pantry Pride assets may be sold and the results of operations of Pantry Pride and the Company, Pantry Pride may in the future be required to seek waivers with respect to certain covenants contained in the indentures relating to the Debt Securities (as hereafter defined). See Section 10.

Following the Merger, the Purchaser presently intends to seek to sell substantially all of the assets of the Company other than the assets comprising the Company's Beauty Products Group (the "Beauty Group"). Following completion of the Offer, Pantry Pride intends to conduct a detailed review of the Company as a result of which it may revise its intention as to which assets of the Company it will seek to sell and which assets it will retain. Certain covenants contained in the Note Indenture, the indenture relating to the Rights Notes and certain of the Company's credit agreements may restrict the Purchaser's ability to effect such sales of assets. See Sections 11 and 12.

According to information contained in the Company Offer to Purchase, as of July 31, 1985, (i) 38,306,907 Shares were outstanding, (ii) 48,725 Shares were reserved for conversion of Series A Preferred Shares, (iii) 343,245 Shares were reserved for conversion of the 4-3/4% Convertible Subordinated Debentures due January 1, 1987 (the "Debentures") of the Company (of which $13,644,000 principal amount was outstanding as of June 30, 1985), (iv) 2,561,837 Shares were reserved for issuance pursuant to the Company's Executive Stock Plan and (v) 399,228 Shares were reserved for issuance pursuant to the Company's Employees' Savings and Investment Plan. According to information contained in the Company Offer to Purchase, 104,640 Series A Preferred Shares were outstanding as of June 30, 1985. The information contained in this paragraph does not reflect changes in the Company's capitalization resulting from the consummation of the Company Offer. See Section 11 for a description of the effects of the Company Offer.

The Offer is not being made to, nor will any tenders be accepted from or on behalf of, holders of Debentures or Preferred Shares. Accordingly, such holders must convert such securities into Shares in accordance with their respective terms and provisions if they desire to tender Shares pursuant to the Offer. According to the Company Offer to Purchase, the Debentures are convertible into Shares prior to maturity at $39.75 principal amount of Debenture per Share and are redeemable at the Company's option prior to maturity at prices ranging from 100.50 percent to 100 percent of the principal amount. According to the Company Offer to Purchase, the Series A Preferred Shares are convertible into Shares at 30/64 Shares per Series A Preferred Share and the $9.00 Preferred Shares are convertible into Shares at 1.739 Shares per $9.00 Preferred Share.

1. Terms of the Offer. Upon the terms and subject to the conditions of the Offer, the Purchaser will accept for payment (and thereby purchase) all Shares which are validly tendered on or prior to the Expiration Date and

not withdrawn as provided in Section 4. The term "Expiration Date" shall mean 12:00 midnight, New York City time, on Friday, October 11, 1985, unless and until the Purchaser, in its sole discretion, shall have extended the period of time for which the Offer is open, in which event "Expiration Date" shall mean the latest time and date at which the Offer, as so extended by the Purchaser, shall expire.

The Purchaser reserves the right, in its sole discretion, at any time or from time to time, to extend the period of time during which the Offer is open by giving oral or written notice of such extension to the Depositary and by making a public announcement thereof. If the Purchaser shall decide, in its sole discretion, to increase the consideration offered in the Offer to holders of Shares and, at the time that notice of such increase is first published, sent or given to holders of Shares in the manner specified below, the Offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from, and including, the date that such notice is first so published, sent or given, the Offer will be extended until the expiration of such period of ten business days.

The Purchaser also expressly reserves the right (i) to delay payment for any Shares, regardless of whether such Shares were theretofore accepted for payment, or to terminate the Offer and not accept for payment or pay for any Shares not theretofore accepted for payment or paid for, upon the occurrence of any of the conditions specified in Section 14 by giving oral or written notice of such delay in payment or termination to the Depositary and (ii) at any time or from time to time, to amend the Offer in any respect. Any extension, delay in payment, termination or amendment will be followed as promptly as practicable by public announcement thereof, such announcement in the case of an extension to be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date. Without limiting the manner in which the Purchaser may choose to make any public announcement, the Purchaser shall have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to the Dow Jones News Service.

This Offer to Purchase and the Letter of Transmittal will be mailed to record holders of Shares and will be furnished to brokers, banks and similar persons whose names or the names of whose nominees appear on the Company's stockholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Shares.

2. Acceptance for Payment and Payment for Shares. Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment), the Purchaser will purchase, by accepting for payment, and will pay for, all Shares validly tendered and not properly withdrawn as soon as practicable after the later of (i) the Expiration Date or, at the sole option of the Purchaser, any time after Friday, October 4, 1985 (see Section 10), and (ii) with respect to any Shares not theretofore accepted for payment as provided herein, the expiration of any additional withdrawal period resulting from the commencement of a tender offer for Shares by another bidder (other than the Company) as described in Section 4. In addition, the Purchaser expressly reserves the right to delay acceptance for payment of or payment for Shares in order to comply, in whole or in part, with any applicable law. In all cases, payment for Shares purchased pursuant to the Offer will be made only after timely receipt by the Depositary of certificates for such Shares, or timely confirmation (a "Book-Entry Confirmation") of the book-entry transfer of such Shares into the Depositary's account at The Depository Trust Company, the Midwest Securities Trust Company, the Philadelphia Depository Trust Company or the Pacific Securities Depository Trust Company (collectively, the "Book-Entry Transfer Facilities") pursuant to the procedures set forth in Section 3, the appropriate Letter of Transmittal (or facsimile thereof), properly completed and duly executed, and any other documents required by such Letter of Transmittal.

For purposes of the Offer, the Purchaser shall be deemed to have accepted for payment (and thereby purchased) tendered Shares as, if and when the Purchaser gives oral or written notice to the Depositary of the Purchaser's acceptance of such Shares for payment. In all cases, payment for Shares purchased pursuant to the Offer will be made by deposit of the purchase price with the Depositary, which will act as agent for tendering stockholders for the purpose of receiving payment from the Purchaser and transmitting payments to tendering stockholders. Under no circumstances will interest be paid by the Purchaser by reason of any delay in making such payment.

If any tendered Shares are not purchased for any reason, or if certificates are submitted for more Shares than are tendered, certificates for such unpurchased or untendered Shares will be returned, without expense to the

tendering stockholder (or in the case of Shares delivered by book-entry transfer within a Book-Entry Transfer Facility such Shares will be credited to an account maintained within such Book-Entry Transfer Facility), as promptly as practicable following the expiration, termination or withdrawal of the Offer.

If, prior to the Expiration Date, the Purchaser shall increase the consideration offered to stockholders pursuant to the Offer, such increased consideration shall be paid to all stockholders whose Shares are purchased pursuant to the Offer.

The Purchaser reserves the right to transfer or assign to one or more of its affiliates the right to purchase Shares tendered pursuant to the Offer, but any such transfer or assignment will not relieve the Purchaser of its obligations under the Offer or prejudice the rights of tendering stockholders to receive payment for Shares validly tendered and accepted for payment pursuant to the Offer.

3. Procedure for Tendering Shares. For Shares to be validly tendered pursuant to the Offer, a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees and any other required documents, must be received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase. In addition, either (i) certificates representing such Shares must be received by the Depositary or such Shares must be tendered pursuant to the procedure for book-entry transfer set forth below, and a Book-Entry Confirmation must be received by the Depositary, in each case at or prior to the Expiration Date, or (ii) the guaranteed delivery procedure set forth below must be complied with. Delivery of documents to a Book-Entry Transfer Facility does not constitute delivery to the Depositary.

The Depositary has established accounts with respect to the Shares at each Book-Entry Transfer Facility for purposes of the Offer. Any financial institution that is a participant in any of the Book-Entry Transfer Facility systems may make book-entry delivery of such Shares by causing a Book-Entry Transfer Facility to transfer such Shares into the Depositary's account, in accordance with such Book-Entry Transfer Facility's procedure. However, although delivery of Shares may be effected through book-entry transfer at a Book-Entry Transfer Facility, a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees and any other required documents must, in any case, be transmitted to and received by the Depositary at one of its addresses set forth on the back cover page of this Offer to Purchase prior to the Expiration Date, or the guaranteed delivery procedure set forth below must be complied with.

Signatures on all Letters of Transmittal must be guaranteed by a member of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc. or by a commercial bank or trust company having an office or correspondent in the United States (collectively, "Eligible Institutions"), unless the Shares tendered thereby are tendered (i) by a registered holder of Shares who has not completed either the box entitled "Special Delivery Instructions" or the box entitled "Special Payment Instructions" on the Letter of Transmittal or (ii) for the account of an Eligible Institution. See Instruction 1 of the Letter of Transmittal. If the certificates are registered in the name of a person other than the signer of the Letter of Transmittal, or if payment is to be made or unpurchased Shares are to be issued to a person other than the registered holder, then the certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name or names of the registered holder or holders appear on the certificates, with the signatures on the certificates or stock powers guaranteed as provided in the Letter of Transmittal.

If a stockholder desires to tender Shares pursuant to the Offer and such stockholder's certificates are not immediately available or time will not permit all required documents to reach the Depositary on or prior to the desired date of tender and prior to the Expiration Date, or the procedure for book-entry transfer cannot be completed on a timely basis, such Shares may nevertheless be tendered if all of the following guaranteed delivery procedures are complied with:

(i) such tender is made by or through an Eligible Institution;

(ii) a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by the Purchaser herewith is received by the Depositary as provided below on or prior to the Expiration Date; and

(iii) the certificates for all tendered Shares in proper form for transfer, or a Book-Entry Confirmation, together with a properly completed and duly executed Letter of Transmittal (or facsimile thereof) and any other documents required by the Letter of Transmittal, are received by the Depositary within eight New York Stock Exchange, Inc. ("NYSE") trading days after the date of the Notice of Guaranteed Delivery.

The Notice of Guaranteed Delivery may be delivered by hand or transmitted by telegram, telex, facsimile transmission or letter to the Depositary and must include a signature guarantee by an Eligible Institution in the form set forth in such Notice of Guaranteed Delivery.

The method of delivery of Shares, the Letter of Transmittal and any other required documents is at the option and risk of the tendering stockholder, but if delivery is by mail, registered mail with return receipt requested, properly insured, is recommended.

In all cases, payment for Shares tendered and purchased pursuant to the Offer will be made only after timely receipt by the Depositary of certificates for such Shares or of Book-Entry Confirmation, a Letter of Transmittal or facsimile thereof, properly completed and duly executed, and any other required documents.

To prevent back-up federal income tax withholding on payments made to certain stockholders with respect to the purchase price of Shares purchased pursuant to the Offer, each such stockholder must provide the Depositary with his correct taxpayer identification number and certify that he is not subject to back-up federal income tax withholding by completing the substitute Form W-9 included in the Letter of Transmittal.

By executing a Letter of Transmittal, a tendering stockholder irrevocably appoints designees of the Purchaser as his proxies, with full power of substitution, in the manner set forth in the Letter of Transmittal, to the full extent of such stockholder's rights with respect to the Shares tendered by such stockholder and purchased by the Purchaser and with respect to any and all other shares or other securities issued or issuable in respect of such Shares (including, without limitation, the Rights) on or after August 16, 1985. Such appointment will be effective when, and only to the extent that, the Purchaser accepts such Shares for payment. Upon such acceptance for payment, all prior proxies given by such stockholder with respect to such Shares (and such other shares and securities) will be revoked, without further action, and no subsequent proxies may be given (and, if given, will not be deemed effective) by such stockholder. The designees of the Purchaser will be empowered to exercise all voting and other rights of such stockholder as they in their sole discretion may deem proper at any annual or special meeting of the Company's stockholders, or any adjournment or postponement thereof, or in connection with any action by consent in lieu of any such meeting or otherwise. The Purchaser reserves the right to require that, in order for Shares to be validly tendered, immediately upon the acceptance for payment of such Shares the Purchaser is able to exercise full voting rights with respect to such Shares.

All questions as to the form of documents and the validity, eligibility (including time of receipt) and acceptance for payment of any tender of Shares will be determined by the Purchaser, in its sole discretion, whose determination shall be final and binding on all parties. The Purchaser reserves the absolute right to reject any or all tenders of any Shares determined by it not to be in proper form or the acceptance of or payment for which may, in the opinion of the Purchaser's counsel, be unlawful. The Purchaser also reserves the absolute right to waive any of the conditions of the Offer or any defect or irregularity in any tender of Shares. The Purchaser's interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the instructions thereto) will be final and binding on all parties. No tender of Shares will be deemed to have been validly made until all defects and irregularities have been cured or waived. None of Pantry Pride, the Purchaser, the Dealer Manager, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification.

The tender of Shares pursuant to one of the procedures described above will constitute a binding agreement between the tendering stockholder and the Purchaser upon the terms and subject to the conditions of the Offer.

4. Withdrawal Rights. Except as otherwise provided in this Section 4, tenders of Shares made pursuant to the Offer are irrevocable. Shares tendered pursuant to the Offer may be withdrawn at any time prior to 12:00 midnight, New York City time, on Friday, October 4, 1985, and, unless theretofore accepted for payment as provided herein, may also be withdrawn at any time after November 14, 1985. In addition, if another bidder (other than the Company) commences, other than by public announcement as described in Rule 14d-2(b) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"), a tender offer for some or all of the Shares, Shares tendered pursuant to the Offer which have not theretofore been accepted for payment pursuant to the Offer may be withdrawn on the date of, and for ten business days after, the commencement of such other offer, provided that the Purchaser has received notice or otherwise has knowledge of the commencement of such other offer. For the purposes of the Offer, a "business day" means any day other than a Saturday, Sunday or

federal holiday, and consists of the time period from 12:01 a.m. through 12:00 midnight, New York City time. If the Purchaser extends the Offer, is delayed in its purchase of or payment for Shares or is unable to purchase or pay for Shares for any reason, then, without prejudice to its rights hereunder, tendered Shares may be retained by the Depositary on behalf of the Purchaser and may not be withdrawn except to the extent that tendering stockholders are entitled to withdrawal rights as set forth in this Section 4.

For a withdrawal to be effective, a written, telegraphic, telex or facsimile transmission notice of withdrawal must be timely received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase. Any such notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder, if different from that of the person who tendered such Shares. If certificates for Shares have been delivered or otherwise identified to the Depositary, then prior to the release of such certificates, the tendering stockholder must also submit the serial numbers shown on the particular certificates evidencing the Shares to be withdrawn, and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution (except in the case of Shares tendered for the account of the Eligible Institution). If Shares have been tendered pursuant to the procedure for book-entry transfer set forth in Section 3, the notice of withdrawal must specify the name and number of the account at the applicable Book-Entry Transfer Facility to be credited with the withdrawn Shares. All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Purchaser, in its sole discretion, whose determination shall be final and binding on all parties.

Any Shares properly withdrawn will be deemed not validly tendered for purposes of the Offer, but may be retendered at any subsequent time prior to the Expiration Date by following any of the procedures described in Section 3.

5. Certain Federal Income Tax Consequences of the Offer. The receipt of cash for Shares pursuant to the Offer will be a taxable transaction for federal income tax purposes (and may also be a taxable transaction under applicable state, local and other tax laws). In general, a stockholder will recognize gain or loss equal to the difference between his tax basis for the Shares he sells in such transaction and the amount of cash received in exchange therefor. Such gain or loss will generally be capital gain or loss if the Shares are capital assets in the hands of the stockholder and will be long-term gain or loss if the holding period for the Shares is more than six months. Any cash received for Shares in the Merger will be similarly taxable.

Each stockholder should be aware that sales by him of Shares pursuant to the Offer may affect the tax consequences to him of the Company Offer, including specifically whether $9.00 Preferred Shares will constitute section 306 stock (the sale or disposition of which may result in ordinary income treatment rather than capital gain treatment) under the Internal Revenue Code of 1954, as amended (the "Code"), in his hands and whether the receipt of Notes pursuant to the Company Offer will be treated as a taxable dividend. Under judicial decisions and Revenue Rulings of the Internal Revenue Service, the application of the tests under section 302(b) of the Code for determining whether payments received by a stockholder in redemption of his stock qualify for sale or exchange treatment, rather than dividend treatment, takes into account all transactions which are part of a single, overall plan to reduce such stockholder's equity interest in the redeeming corporation. Under the "cash substitution test" of section 306 and the Treasury Regulations thereunder, preferred stock received by a stockholder in a reorganization will not constitute section 306 stock if the stockholder would have met any of the tests of section 302(b) if such stockholder had received cash instead of preferred stock. Accordingly, if a stockholder who exchanged Shares for $9.00 Preferred Stock and Notes pursuant to the Company Offer also sells Shares pursuant to the Offer, it is possible that the reduction in such stockholder's equity interest in the Company resulting from participation in the Offer would be taken into account in determining whether his receipt of Notes is not taxed as a dividend and whether his $9.00 Preferred Shares do not constitute section 306 stock. **Each stockholder should refer to the Company Offer to Purchase under the caption "Certain Federal Income Tax Consequences" in addition to consulting with his own tax advisor as to the possible effects of sales by him pursuant to the Offer upon the tax consequences to him of participating in the Company Offer.**

The federal income tax discussion set forth above is included for general information only. Stockholders are urged to consult their tax advisors to determine the particular tax consequences to them (including the application and effect of state and local income and other tax laws) of the Offer and the Merger.

6. Price Range of Shares; Dividends. The Shares are listed and principally traded on the NYSE. The Shares are also listed on the Midwest Stock Exchange (the "MSE") and the Pacific Stock Exchange Incorporated (the "PSE"). The following table sets forth for the periods indicated the high and low closing sales prices per Share and the amount of cash dividends paid on the Shares, as reported in published financial sources.

	High	Low	Dividends
1983:			
First Quarter	$36⅞	$29⅝	$.46
Second Quarter	37⅛	32¾	.46
Third Quarter	35⅜	29¾	.46
Fourth Quarter	36⅛	30½	.46
1984:			
First Quarter	34	28⅝	.46
Second Quarter	40⅞	31	.46
Third Quarter	40¼	36⅛	.46
Fourth Quarter	38¾	32⅝	.46
1985:			
First Quarter	37⅜	32½	.46
Second Quarter	41⅞	34⅞	.46
Third Quarter (through September 13)	47¼	40⅜	.46

On August 16, 1985, the last trading day prior to the announcement of the terms of the August Offer, the closing sales price of the Shares on the Composite Tape was $44¾ per share. On August 26, 1985, the last full trading day prior to the announcement of the Company Offer, the closing sales price of the Shares on the Composite Tape was $46⅜ per share. On August 28, 1985, the last trading day prior to the commencement of the Company Offer, the closing sales price of the Shares on the Composite Tape was $44¼ per share. On September 12, 1985, the last trading day prior to the announcement of the terms of the Offer and the announcement that the Company had accepted Shares for payment pursuant to the Company Offer, the closing sales price of the Shares on the Composite Tape was $43⅞ per share. On September 13, 1985, the last trading day prior to the commencement of the Offer, the closing sales price of the Shares on the Composite Tape was $43 per share and the closing sales price of the Shares on the Composite Tape on a "when distributed" basis was $40¾ per share. **Stockholders are urged to obtain current market quotations for the Shares.**

7. Effect of the Offer on the Market for Shares; Registration Under the Exchange Act. The purchase of Shares pursuant to the Offer will reduce the number of Shares that might otherwise trade publicly and could adversely affect the liquidity and market value of the remaining Shares held by the public.

Depending upon the number of Shares purchased pursuant to the Offer, the Shares or the Preferred Shares may no longer meet the requirements for continued listing on the NYSE. The NYSE's published guidelines indicate that the NYSE would consider delisting the Shares if, among other things: (i) the number of record holders of 100 or more Shares should fall below 1,200, (ii) the number of publicly held Shares (exclusive of holdings of officers, directors and members of their immediate families and other concentrated holdings of 10 percent or more) should fall below 600,000 or (iii) the aggregate market value of publicly held Shares should fall below $5 million. According to the Company Offer to Purchase, as of February 28, 1985, there were approximately 14,200 holders of record of the outstanding Shares and, as of March 25, 1985, approximately 38,228,200 Shares were held by stockholders other than officers, directors and members of their immediate families and other concentrated holdings of 10 percent or more. According to the published guidelines of the NYSE, the NYSE would consider delisting either class of Preferred Shares, if, among other things: (i) the Shares were delisted, (ii) the number of publicly held Preferred Shares of such class should fall below 100,000 or (iii) the aggregate market value of publicly held Preferred Shares of such class did not exceed $2 million. Published guidelines of the MSE and published guidelines of the PSE indicate that such exchanges would consider delisting the Shares if, among other things, the number of publicly held Shares (exclusive of management and other concentrated holdings) is less than 100,000 or there are fewer than 500 holders of record of Shares. The PSE would also consider delisting the Shares if the number of holders of record of at least 100 Shares is less than 200 or the aggregate market value of publicly held Shares should fall below $500,000. The MSE and PSE would consider delisting the Series A Preferred Shares if, among other things, the number of publicly held Series A Preferred Shares (exclusive of management and other concentrated holdings) is less than 50,000 or there are fewer than 500 holders of record of

Preferred Shares. The PSE would also consider delisting the Series A Preferred Shares if the Company did not have a class of equity securities held by 500 or more persons or the aggregate market value of publicly held Series A Preferred Shares should fall below $400,000.

If the NYSE were to delist the Shares or Preferred Shares, it is possible that such shares would continue to trade on the MSE, the PSE or in the over-the-counter market and that price quotations would be reported through the National Association of Securities Dealers Automated Quotation System, Inc. ("NASDAQ"), or other sources. The extent of the public market for the Shares or Preferred Shares and the availability of such quotations would, however, depend upon the number of holders of such shares remaining at such time, the interest in maintaining a market in such shares on the part of securities firms, the possible termination of registration of such Shares or Preferred Shares under the Exchange Act, as described below, and other factors.

The Shares and Preferred Shares are "margin securities" as that term is defined under the rules of the Board of Governors of the Federal Reserve System, which has the effect, among other things, of allowing brokers to extend credit on the collateral value of such shares. Depending upon factors similar to those above regarding listing and market quotations, the Shares or Preferred Shares might no longer be "margin securities" and, therefore, could no longer be used as collateral for margin loans made by brokers.

The Shares and Preferred Shares are currently registered under the Exchange Act. Registration of the Shares, Series A Preferred Shares or $9.00 Preferred Shares under the Exchange Act may be terminated upon application by the Company to the Commission if there are fewer than 300 record holders of Shares, Series A Preferred Shares or $9.00 Preferred Shares, respectively. The termination of registration of all such classes of shares under the Exchange Act would reduce the information required to be furnished by the Company to stockholders and would make certain of the provisions of the Exchange Act, such as the requirement of furnishing a proxy statement in connection with meetings of stockholders, no longer applicable with respect to such shares. Furthermore, "affiliates" of the Company and persons holding "restricted securities" of the Company might be deprived of the ability to dispose of such shares pursuant to Rule 144 promulgated under the Securities Act of 1933 (the "Securities Act"). If registration of the Shares and the Preferred Shares under the Exchange Act were terminated, such shares would no longer be eligible for NASDAQ reporting or for continued inclusion on the Federal Reserve Board's list of "margin securities" and the "shortswing" trading and reporting provisions of the Exchange Act would no longer be applicable to such shares.

8. Certain Information Concerning the Company. The Company is a Delaware corporation with its principal executive offices located at 767 Fifth Avenue, New York, New York 10153.

According to the Company Offer to Purchase, the Company is an international company engaged in the health care and beauty products businesses. The Company's health care business consists, principally, of the manufacture and distribution of vision care products, ethical pharmaceutical products, proprietary and certain other health care products (principally fine chemicals and industrial analytical and hospital information systems), and medical diagnostic systems and related reagents, and the operation in the United States of clinical diagnostic and research laboratories. The Company's beauty products business consists, principally, of the manufacture and distribution of cosmetics and fragrances (including face and eye makeup, lipsticks, haircolor and nail products and perfumes, colognes and other fragrance products) and beauty care and treatment products (including shampoos, conditioners and other hair care products, cleansing and moisturizing creams and lotions, anti-perspirants, nail care and other beauty implements and professional beauty products and equipment).

Set forth below is certain summary consolidated financial information with respect to the Company excerpted from the Company Offer to Purchase. More comprehensive financial information is included in the Company Offer to Purchase and in the reports and other documents filed by the Company with the Commission, and the following summary is qualified in its entirety by reference to such reports and other documents and all of the financial information and notes contained therein. Such reports and other documents may be examined and copies may be obtained from the offices of the Commission in the manner set forth below.

REVLON, INC.

Selected Consolidated Financial Data
(in millions, except per share data)

	Six Months Ended June 30,		Year Ended December 31,		
	1985	1984	1984	1983	1982
	(unaudited)				
Income Statement Data:					
Net sales	$1,134	$1,143	$2,399	$2,379	$2,351
Profit from operations	129	132	258	248	234
Earnings before income taxes	105	102	199	207	206
Net earnings	63	55	112	111	111
Net primary earnings per Common Share	1.63	1.51	2.99	2.81	2.45

	June 30, 1985	December 31,	
		1984	1983
	(unaudited)		
Balance Sheet Data:			
Current assets	$1,492	$1,425	$1,293
Current liabilities	770	756	816
Property, plant and equipment, net	579	591	610
Total assets	2,350	2,311	2,215
Long-term debt	468	471	427
Convertible subordinated debentures	14	14	14
Deferred taxes on income	61	63	53
Convertible preferred stock	2	2	2
Total stockholders' equity	1,035	1,005	903

THE FOLLOWING PRO FORMA FINANCIAL AND OTHER INFORMATION ON PAGES 10-20 IS REPRINTED FROM THE COMPANY OFFER TO PURCHASE:

PRO FORMA CONDENSED FINANCIAL INFORMATION

The pro forma condensed consolidated statements of earnings for the six-month periods ended June 30, 1985 and 1984 and for the year ended December 31, 1984 and the pro forma condensed consolidated balance sheet as of June 30, 1985 have been prepared to give effect, as further described below, to the Company Offer.

The pro forma financial information is not intended to reflect results from operations or the financial position of the Company which would have actually resulted had the Company Offer been effective as of the dates and for the periods indicated. Moreover, the pro forma information is not intended to be indicative of future results of operations or financial position.

This pro forma financial information should be read in conjunction with the Company's historical financial statements, and the accounting policies and notes thereto, contained in the Company's Annual Report on Form 10-K for the year ended December 31, 1984 (including the Company's 1984 Annual Report to Stockholders which is incorporated therein by reference) and Quarterly Report on Form 10-Q for the quarter ended June 30, 1985, both of which are included in Annex II.

All cross references are to the indicated sections of the Company Offer to Purchase.

REVLON, INC. AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (A)

Six Months Ended June 30, 1985

(Unaudited)

(Dollars in thousands, except per share amounts)

	As Reported	Pro Forma Adjustments	Pro Forma
Net Sales	$1,133,600		$1,133,600
Cost of Goods Sold	441,900		441,900
Selling, Administrative and General Expenses	563,000		563,000
	1,004,900		1,004,900
Profit from Operations	128,700		128,700
Interest Expense	37,500	$27,900 (B)	65,400
Interest Income	(21,100)		(21,100)
Net Interest Expense	16,400		44,300
Miscellaneous Deductions, Net	7,000		7,000
	23,400		51,300
Earnings Before Income Taxes	105,300		77,400
Provision for Taxes on Income	42,600	(13,400) (C)	29,200
Net Earnings	$ 62,700		$ 48,200
Net Earnings per Share of Common Stock	$ 1.63		$ 1.53
Net Earnings Applicable to Common Stock	$ 62,600		$ 43,600
Average Common and Common Equivalent Shares Outstanding	38,326,000		28,519,000

Six Months Ended June 30, 1984

(Unaudited)

(Dollars in thousands, except per share amounts)

	As Reported	Pro Forma Adjustments	Pro Forma
Net Sales	$1,142,800		$1,142,800
Cost of Goods Sold	443,300		443,300
Selling, Administrative and General Expenses	567,200		567,200
	1,010,500		1,010,500
Profit from Operations	132,300		132,300
Interest Expense	48,500	$27,900 (B)	76,400
Interest Income	(20,300)		(20,300)
Net Interest Expense	28,200		56,100
Miscellaneous Deductions, Net	2,200		2,200
	30,400		58,300
Earnings Before Income Taxes	101,900		74,000
Provision for Taxes on Income	46,500	(13,400) (C)	33,100
Net Earnings	$ 55,400		$ 40,900
Net Earnings per Share of Common Stock	$ 1.51		$ 1.36
Net Earnings Applicable to Common Stock	$ 55,300		$ 36,300
Average Common and Common Equivalent Shares Outstanding	36,497,000		26,637,000

See Notes to Pro Forma Condensed Consolidated Statements of Earnings

The information contained on this page is reprinted from the Company Offer to Purchase.

REVLON, INC. AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF EARNINGS (A)

Year Ended December 31, 1984

(Unaudited)
(Dollars in thousands, except per share amounts)

	As Reported	Pro Forma Adjustments	Pro Forma
Net Sales	$2,399,200		$2,399,200
Cost of Goods Sold	962,100		962,100
Selling, Administrative and General Expenses	1,178,600		1,178,600
	2,140,700		2,140,700
Profit from Operations	258,500		258,500
Interest Expense	97,600	$55,800 (B)	153,400
Interest Income	(45,600)		(45,600)
Net Interest Expense	52,000		107,800
Miscellaneous Deductions, Net	7,200		7,200
	59,200		115,000
Earnings Before Income Taxes	199,300		143,500
Provision for Taxes on Income	87,200	(26,800) (C)	60,400
Net Earnings	$ 112,100		$ 83,100
Net Earnings per Share of Common Stock	$ 2.99		$ 2.68
Net Earnings Applicable to Common Stock	$ 111,900		$ 73,900
Average Common and Common Equivalent Shares Outstanding	37,381,000		27,543,000

NOTES TO PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

Six Months Ended June 30, 1985 and 1984
and the Year Ended December 31, 1984

(A) The pro forma statements assume the purchase of 10,000,000 Shares at the beginning of each period in exchange for $475,000,000 aggregate principal amount of the Notes and 1,000,000 shares of Preferred Stock.

(B) Represents interest expense incurred on the Notes.

(C) Tax effect of above interest items at statutory federal and state income tax rate of 48%.

The information contained on this page is reprinted from the Company Offer to Purchase. Defined terms refer to defined terms in the Company Offer to Purchase.

REVLON, INC. AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

June 30, 1985

(Unaudited)

(Dollars in thousands, except per share amounts)

ASSETS

	As Reported	Pro Forma Adjustments	Pro Forma
Current assets	$1,492,000		$1,492,000
Property, plant and equipment, net	578,800		578,800
Other assets	279,300		279,300
Total assets	$2,350,100		$2,350,100

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	$ 769,700		$ 769,700
Long-term debt:			
Senior	467,800		467,800
Subordinated	13,600	$475,000	488,600
Deferred income taxes	61,200		61,200
Convertible preferred stock (Series A. redeemable)	2,300		2,300
$9.00 Cumulative convertible exchangeable preferred stock (redeemable)	—	100,000	100,000
Stockholders' equity:			
Common stock	40,400		40,400
Additional paid-in capital	286,000		286,000
Retained earnings	924,500		924,500
Equity adjustment from foreign currency translation	(154,000)		(154,000)
	1,096,900		1,096,900
Less common stock in treasury, at cost	(61,400)	(575,000)	(636,400)
Total stockholders' equity	1,035,500		460,500
Total liabilities and stockholders' equity	$2,350,100		$2,350,100

NOTE:

The pro forma condensed consolidated balance sheet assumes the purchase of 10,000,000 Shares on June 30, 1985 in exchange for $475,000,000 aggregate principal amount of the Notes and 1,000,000 shares of Preferred Stock.

The information contained on this page is reprinted from the Company Offer to Purchase. Defined terms refer to defined terms on the Company Offer to Purchase.

CERTAIN FINANCIAL AND OTHER CONSIDERATIONS

The purchase of 10,000,000 Shares in exchange for Notes and Preferred Stock pursuant to the Company Offer will, on a pro forma basis, increase the Company's total long-term debt at June 30, 1985 from approximately $481.4 million to approximately $956.4 million and reduce the Company's stockholders' equity at June 30, 1985 from approximately $1,035.5 million to approximately $460.5 million. See "Selected Historical Financial Information" and "Pro Forma Condensed Financial Information."

The higher level of debt compared to the level of equity resulting from the Company Offer will have several important consequences to the holders of the Company's securities, including, but not limited to, the following: (i) significant interest expense and principal repayment obligations will be incurred by the Company because of issuance of the Notes (in addition to outstanding debt), and the Company will require substantial cash for required payments under such indebtedness; and (ii) the ability of the Company to satisfy its obligations (including its obligation to pay interest on the Notes and to make dividend and sinking fund payments on the Preferred Stock), to reduce its debt and to increase its equity will be dependent upon the future performance of the Company, which will be subject to financial, business and other factors, including factors beyond the control of the Company, affecting the business and operations of the Company, and general economic conditions. The Company's pro forma ratio of earnings to fixed charges (inclusive of preferred stock requirements) for the fiscal year ended December 31, 1984 is 1.8, as compared to 2.7 on an historical basis for the same period. See "Selected Historical Financial Information" and "Pro Forma Condensed Financial Information."

The indebtedness to be incurred, and the reduction of stockholders' equity, in connection with the Company Offer may limit the Company's ability to effect future financings. The Company's credit ratings are expected to be lowered in connection with the proposed issuance of Notes pursuant to the Company Offer. As a result, the Company may no longer be in a position to issue commercial paper (which in 1985 ranged in amount from nil to $150 million and currently amounts to approximately $150 million) to fund its working capital requirements. In this event, the Company would expect to raise funds for working capital under its revolving credit agreements, from other bank sources, from internally generated funds, and/or from the proceeds of sales of assets. The Company's revolving credit agreements, which make available credit of approximately $985 million (of which less than $300 million is currently outstanding), contain covenants which, in the absence of appropriate amendments, or waivers or consents being obtained from the respective lending banks, would be breached by the exchange of 10,000,000 Shares for Notes and Preferred Stock pursuant to the Company Offer. The Company has made arrangements with certain of the lending banks to effect the required amendments to credit agreements covering commitments of approximately $575 million. The Company believes such amount is sufficient to cover current and forecasted working capital requirements. Proposed amendments in respect of the remaining credit agreements have been circulated to the lending banks and the Company anticipates that such credit agreements will be amended, although there can be no assurance to this effect.

Although the purchase of up to 10,000,000 Shares pursuant to the Company Offer will significantly increase the Company's cash obligations for debt service and preferred stock dividends and the Company's debt to equity ratio, the Company believes that it will have sufficient financial flexibility to continue to make capital expenditures and investments necessary to operate the Company's businesses substantially as presently operated and to pursue opportunities for future growth. The Company expects that its debt securities will retain investment grade ratings following consummation of the Company Offer, although it has received no assurance to this effect from the rating agencies. In addition the Company expects to sell certain assets for approximately $250 million, the after-tax proceeds of which will be used to reduce debt. Although there can be no assurance whether or at what prices such asset sales will be made, the Company believes that there are several prospective purchasers for several of its assets. In addition, the Company expects to reduce its operating expenses and to continue actions already being taken to reduce operating losses previously experienced in its international beauty business. As indicated in the following forecasted condensed financial information, based on the assumptions contained therein, the Company forecasts net income of $281.5 million in 1985 (including an after-tax gain on sale of certain assets of $160 million) and $116.0 million in 1986, as compared with net income of $112.1 million in 1984. However, 1986 income will be allocable to a significantly smaller Share base, resulting in earnings per Share of

$3.68 being forecast for 1986, compared with $7.68 being forecast for 1985 (which amount includes an after-tax gain on asset sales of $4.40 per Share) and $2.99 reported for the year ended December 31, 1984. See "Forecasted Condensed Financial Information."

The Note Indenture will contain covenants, among others, limiting the ability of the Company to pay dividends on shares of its capital stock, incur or guarantee indebtedness and sell or dispose of assets. See "Description of the Notes." The Note Indenture will not limit the payment of dividends, the incurrence or guaranteeing of indebtedness or the sale or disposition of assets where approved by the Independent Directors, and any of such transactions could affect the availability of cash for the payment of principal of and interest on the Notes. To the extent such transactions are not approved by the Independent Directors, the covenants in the Note Indenture would limit the ability of persons to finance takeovers of the Company with the Company's own assets and cash flows and, accordingly, would make more difficult, and may prevent, consummation of the Pantry Pride Offer. Such covenants might also deter other persons from attempting, through tender or exchange offers or by other means, to acquire control of the Company. The Preferred Stock also contains provisions which may have a similar effect. See "Background of the Company Offer—The Pantry Pride Offer," "Description of the Notes" and "Description of the Preferred Stock."

If the Company Offer is consummated as described herein, under generally accepted accounting principles the "pooling of interests" method may not be used to account for any business combination by the Company of another corporation or any business combination of the Company by another corporation for a period of two years after completion of the Company Offer.

For additional information concerning the terms of the Notes and certain pro forma effects of the Company Offer, see "Description of the Notes," "Selected Historical Financial Information" and "Pro Forma Condensed Financial Information."

FORECASTED CONDENSED FINANCIAL INFORMATION

The forecast set forth below is based upon a number of assumptions that are subject to significant uncertainties and contingencies, many of which are beyond the Company's control. Although the forecast represents management's current best estimate of the results described therein, there is no assurance that such results will, in fact, be realized since actual events and the timing of such events are likely to vary from forecast assumptions. **Stockholders are urged to read carefully the "Summary of Significant Financial Forecast Assumptions and Accounting Policies" that immediately follows the forecast.**

The following forecasted condensed consolidated statements of earnings for the years ending December 31, 1985 and 1986 and the condensed consolidated balance sheets as of December 31, 1985 and 1986 have been prepared assuming:

(A) The purchase of 10,000,000 Shares on October 1, 1985 in exchange for $475,000,000 aggregate principal amount of the Notes and 1,000,000 shares of Preferred Stock.

(B) Certain assets were sold on October 1, 1985 which generated a net gain of $160 million ($4.40 per share); the $200 million after-tax cash proceeds of such sale have been used to reduce debt outstanding on that date.

(C) The forecasted results for 1985 and 1986 reflect additional net interest expense as a result of (i) interest incurred on the Notes and (ii) interest expense saved as a result of using the net after-tax cash proceeds resulting from the sale of certain assets to reduce outstanding debt.

(D) The net adjustments made in note (C) have been tax-effected at the current statutory Federal and state income tax rate of 48%.

(E) Costs estimated to be approximately $10,000,000 for professional and other associated services in connection with the Company Offer.

The information contained on this page is reprinted from the Company Offer to Purchase. All defined terms and cross references refer to terms defined in, and to sections of, the Company Offer to Purchase.

REVLON, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)

(Dollars in thousands, except per share amounts)

	Years Ended December 31,		
	As Reported 1984	Forecasted 1985	Forecasted 1986
Net sales	$2,399,200	$2,415,200	$2,480,500
Expenses other than interest and income taxes	2,147,900	2,160,700	2,210,800
Interest expense	97,600	88,100	119,600
Interest (income)	(45,600)	(36,200)	(37,500)
Gain on sale of certain assets	—	(210,000)	—
Earnings before income taxes	199,300	412,600	187,600
Provision for taxes on income	87,200	131,100	71,600
Net earnings	$ 112,100	$ 281,500	$ 116,000
Net earnings per share of common stock	$ 2.99	$ 7.68	$ 3.68
Net earnings applicable to common stock	$ 111,900	$ 279,000	$ 106,800
Average common and common equivalent shares outstanding	37,381,000	36,344,000	29,048,000

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(Dollars in thousands)

	At December 31,		
	As Reported 1984	Forecasted 1985	Forecasted 1986
ASSETS			
Current assets	$1,424,600	$1,451,300	$1,520,000
Property, plant and equipment, net	590,600	586,900	595,900
Other assets	296,200	248,300	241,500
Total assets	$2,311,400	$2,286,500	$2,357,400
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities	$ 756,100	$ 716,900	$ 708,900
Long-term debt:			
Senior debt	471,100	265,600	262,300
Subordinated debt	13,600	488,600	488,600
Deferred income taxes	63,300	62,800	65,300
Convertible preferred stock (Series A, redeemable)	2,300	2,300	2,400
$9.00 Cumulative convertible exchangeable preferred stock (redeemable)	—	100,000	100,000
Stockholders' equity:			
Common stock	40,200	40,500	40,600
Additional paid-in capital	283,300	290,600	298,700
Retained earnings	897,100	1,111,900	1,182,600
Equity adjustment from foreign currency translation	(153,900)	(156,700)	(156,700)
	1,066,700	1,286,300	1,365,200
Less common stock in treasury, at cost	(61,700)	(636,000)	(635,300)
Total stockholders' equity	1,005,000	650,300	729,900
Total liabilities and stockholders' equity	$2,311,400	$2,286,500	$2,357,400

See Summary of Significant Financial Forecast Assumptions and Accounting Policies

The information contained on this page is reprinted from the Company Offer to Purchase.

SUMMARY OF SIGNIFICANT FINANCIAL FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

For the Years Ending December 31, 1985 and 1986

The forecasted financial information provided herein has been prepared to give effect to the Company Offer assuming that 10,000,000 Shares are purchased pursuant to the Company Offer and assuming that certain assets are sold.

This financial forecast represents management's best estimate, based on present circumstances, of the most probable results of operations and financial position for the forecast period. Accordingly, the financial forecast reflects management's judgment, based on present circumstances, of the most likely set of conditions and management's most likely course of action. The assumptions disclosed herein are those that management believes are significant to the financial forecast or are key factors upon which the financial results depend. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur subsequent to August 26, 1985, the date of this forecast. Therefore, the actual results achieved during the forecast period will vary from the forecast, and the variations may be material.

The Company does not intend to update this forecast. Consequently, the forecast should be evaluated in light of any events and changes in circumstances occurring after August 26, 1985.

The following assumptions are those which management believes are the key factors in realizing the 1985-1986 forecasted results.

Basis of Reporting

The accompanying financial statements present the historical results of Revlon, Inc. for 1984 together with its forecasted results for the years 1985 and 1986, assuming the Company Offer is consummated on October 1, 1985 and the sale of certain assets is completed on October 1, 1985.

The Company Offer is assumed to result in the purchase of 10,000,000 Shares in exchange for the Notes and Preferred Stock having the terms described elsewhere in this Offer to Purchase. The weighted average number of common and common equivalent shares outstanding is assumed to be 36,344,000 shares for 1985 and 29,048,000 shares for 1986.

General

In preparing the financial forecast the Company has assumed moderate economic growth, without any significant intervening economic recessions, accompanied by moderate increases in inflation, as follows:

	Domestic		International (excluding hyper-inflationary economy markets)	
	1985	1986	1985	1986
Consumer Price Index:				
Annual Rate of Change	4.7%	5.5%	5.0%	5.0%

The Company has assumed that during 1985 and 1986, the dollar will weaken moderately vis-a-vis the major international industrialized country currencies and will show continued strength versus hyper-inflationary country currencies.

Unit growth is expected to result in moderate gains with price increases slightly ahead of inflation and product costs contained below the general inflation level through product mix changes, the use of cost improvement and avoidance programs, and productivity gains.

Business Segments

The Company's Health Care and Beauty businesses are discussed below:

The Information contained on this page is reprinted from the Company Offer to Purchase. All defined terms and cross references refer to terms defined in, and to sections of, the Company Offer to Purchase.

A. *Health Care*

Group Overview

Overall net sales growth in 1985 will be followed by a further increase in 1986 principally from international operations, diagnostic services and proprietary products. New products will continue to be introduced on a regular basis.

Gross margin improvements in both years resulting from cost improvement/avoidance programs and economies of scale will be partially offset by additional investments in research and development.

Vision Care Products

Barnes-Hind—Substantial growth in unit volume is forecasted, principally due to new product introductions. Available plant capacity is sufficient for the expected increased unit volume and expense control programs will maintain operating expenses at a constant percentage of sales.

Coburn Optical—The forecast assumes that a change in sales mix towards higher-margin professional products and increased consumer product unit volume obtained with minimal increases in fixed costs will improve sales and pretax income.

Ethical Pharmaceuticals

USV—Sales growth is forecasted to occur from 1985 product introductions and price increases on current products. Pretax income and margin are expected to remain even with the current year, due to increasing generic drug competition against high-margin prescription drugs.

Armour—Better than average sales growth is forecasted from volume increases in plasma products and price increases in pharmaceutical products. Pretax income is expected to grow while pretax margin is expected to decline slightly due to a shift in product mix. Pharmaceutical products are expected to continue to experience increased competitive pressure from new product entrants, which will result in some erosion of market share.

International Operations—Substantial growth is expected from new product introductions, and volume and price increases in existing lines. While pretax income is expected to increase, pretax margins are expected to decline slightly due to increasing government regulation of certain products in various markets, change in product mix, and costs associated with new product introductions.

Proprietary and Fine Chemical Group

Unit volume is expected to increase based on continued market share dominance of branded consumer products and development of alternative-usage markets for such products. Pretax income is expected to grow but increased price competition in the fine chemicals operations may erode the margin slightly.

Diagnostic Products and Services

National Health Laboratories—Sales growth is expected mainly from unit volume increases. Unit volume is expected to grow on the continued expansion of the customer base plus expansion into new metropolitan markets, while industry-wide price competition will generally restrain upward price movements.

Expansion is expected to be accomplished by establishing new laboratories and by acquiring existing ones. Continued implementation and development of sophisticated asset and expense control systems, coupled with a stable labor supply and minimum increases in fixed expenses are expected to maintain the 1985 pretax margin.

Technicon—The net sales forecast for Technicon is based on the successful launching of several new products which are targeted to give Technicon a substantial share of the small to medium laboratory and hospital instrument/diagnostic market, as well as strengthen its dominant position in the large chemistry analyzer market. These instruments represent several significant patented advances in technology for both clinical and hematology testing.

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As a result of new product placements, the unit expects a slight deterioration of gross margin due to conversion of manufacturing facilities to new product manufacture and increased field service expenses. However, pretax income margins are expected to be stabilized as a result of stringent controls over operating expenses as well as additional interest income resulting from improved cash flows.

B. *Beauty*

Domestic

The classic Revlon brand is expected to gain market share in 1986 over 1985, as the effects of sales of new products and increases in advertising and promotions are felt. Productivity improvement programs now in place will enhance gross margins and pretax income.

International

A key element leading to a forecasted acceleration of local currency sales growth is the creation of a unified world-wide Revlon Beauty Group which was completed in 1984. Now, a single operation is responsible for Revlon's formerly regionally-organized product development, manufacturing, merchandising and advertising functions. This focuses resources on the creation of product lines, packaging and advertising with multi-market potential, improves the execution and coordination of new product introductions, promotional and marketing plans, eliminates redundancies in material and component purchasing and product manufacturing, and reduces overhead. In conjunction with a plan for simplification of management responsibility and the restructuring of operations, it is forecast that the Company in 1985 and 1986 will reduce operating losses considerably and redeploy assets to more profitable areas.

The above measures are expected to substantially offset the negative effects of currency on sales experienced in the first half of 1985 and thereby improve pretax margins in 1985. Furthermore, 1986 is forecasted to show even greater pretax income improvement.

Professional Products

After the dilutive effect of currency, 1985 net sales are still forecasted slightly above the 1984 level. Price increases will account for the major portion of the 1986 sales increase. Cost of goods sold has been forecasted based on historical experience and has remained relatively constant as a percentage of net sales.

Total Expenses

Total expenses (excluding depreciation and amortization, interest expense and provision for income taxes) have been forecasted based on historical experience, additional investments in research and development, plus inflation and anticipated labor contract settlements, offset by cost improvement/avoidance programs, committed or forecasted restructuring, and other management cost containment programs.

Interest on Debt

Interest on debt has been forecasted using a rate of approximately 12% on average debt balances assuming the issuance of the Notes on October 1, 1985, other existing long-term debt and short-term bank borrowings.

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Sale of Certain Assets

The Company expects to sell certain assets during 1985 although it has not yet identified the specific assets to be sold or taken any action with respect to such sales. For forecast purposes the Company has selected assets with an expected after-tax gain of $160 million or $4.40 per share. The proceeds of such asset sales have been applied in the forecast to the reduction of outstanding debt on October 1, 1985. Net sales and expenses applicable to certain assets included in the forecasted asset sales have been eliminated from the forecasted financial information subsequent to the assumed date of disposition. The specific assets sold and the timing of such sales may vary from those selected. If assets sold are different from those selected for forecast purposes, or if the timing of such sale should vary from that forecast, the results achieved could vary substantially from the forecast.

Income Taxes

Income taxes during the forecast period are based on tax laws in effect at August 26, 1985.

Additions to Properties

The forecast includes capital expenditures of $55 million in 1985 and a similar amount in 1986.

Dividends

The forecast assumes that a common stock dividend of $.46 per quarter will be paid in all forecast periods. The Board of Directors will establish the dividend policy, which may vary from that assumption, depending upon economic and business conditions existing at the time. In addition, the forecast assumes that dividends will be paid on the Preferred Stock at an annual rate of $9.00 per share after its assumed issuance on October 1, 1985.

Summary of Significant Accounting Policies

The financial forecast has been prepared in accordance with generally accepted accounting principles expected to be used for the financial statements issued during the forecast period. The generally accepted accounting principles used in the forecast have been applied on a basis consistent with the principles used in the Company's historical financial statements. Reference should be made to the Company's Annual Report on Form 10-K for the year ended December 31, 1984 (including the Company's 1984 Annual Report to Stockholders which is incorporated therein by reference) (see Annex II).

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None of the foregoing pro forma or other information with respect to the Company gives any effect to the exercise of the Rights or the issuance of the Rights Notes which, if exercised and issued, the Purchaser believes may have a material adverse effect on the financial condition and prospects of the Company. Mr. Bergerac, Chairman of the Company, has stated in a letter to stockholders that if the Right Notes become issuable for a substantial percentage of the Rights, the Company could be adversely affected. See Section 11.

The information concerning the Company contained in this Offer to Purchase has been taken from or based upon publicly available documents and records on file with the Commission and other public sources. Neither Pantry Pride nor the Purchaser can take responsibility for the accuracy or completeness of the information contained in such documents and records, or for any failure by the Company to disclose events that may have occurred or may affect the significance or accuracy of any such information but that are not known to the Purchaser or Pantry Pride.

The Company is subject to the informational filing requirements of the Exchange Act and in accordance therewith the Company files periodic reports, proxy statements and other information with the Commission under the Exchange Act, relating to its business, financial condition and other matters. The Company is required to disclose in such proxy statements certain information, as of particular dates, concerning the Company's directors and officers, their remuneration, options granted to them, the principal holders of the Company's securities and any material interest of such persons in transactions with the Company. Such reports, proxy statements and other information may be inspected at the Commission's office at 450 Fifth Street, N.W., Washington, D.C. 20549, and should also be available for inspection and copying at the regional offices of the Commission located in the Everett McKinley Dirksen Building, 219 South Dearborn Street, Chicago, Illinois 60604; the Jacob K. Javits Federal Building, 26 Federal Plaza, New York, New York 10278; and 5757 Wilshire Boulevard, Los Angeles, California 90036. Copies may be obtained on payment of the Commission's customary fees by writing to its principal office at 450 Fifth Street, N.W. Washington, D.C. 20549. Such material should also be available for inspection at the libraries of the NYSE, 20 Broad Street, New York, New York 10005, the MSE, 120 South LaSalle Street, Chicago, Illinois, and the PSE, 301 Pine Street, San Francisco, California 94101.

9. Certain Information Concerning the Purchaser and Pantry Pride. The Purchaser is a Delaware corporation and an indirect wholly owned subsidiary of Pantry Pride. The Purchaser has not conducted any activities other than in connection with the Offer.

Pantry Pride is a Delaware corporation which, through its wholly owned subsidiaries, is currently engaged in consumer merchandise, retail drug and health and beauty aid stores, and retail supermarket operations in the United States. Pantry Pride has determined to seek actively to dispose of substantially all of its assets and businesses and to acquire new assets and businesses.

MacAndrews & Forbes is a Delaware corporation. MacAndrews & Forbes, through its subsidiaries, is primarily engaged in the manufacture and sale of cigars and other tobacco products and, through its wholly owned subsidiary, MacAndrews & Forbes Group, Incorporated, and its subsidiaries, the following four lines of business: the processing of motion picture film and related services; the manufacture of flavors, principally licorice; the manufacture of chocolate products; and the production, editing, completion, duplication and distribution of programs, movies and commercials on videotape and video cassettes.

MacAndrews & Forbes beneficially owns an aggregate of approximately 36.3 percent of all outstanding voting shares of Pantry Pride and is the holder of the largest block of voting shares of Pantry Pride. In addition, designees of MacAndrews & Forbes constitute a majority of the members of the Board of Directors of Pantry Pride. Accordingly, MacAndrews & Forbes is in a position to exert substantial control over Pantry Pride, including the ability to influence Pantry Pride to undertake or to refrain from undertaking most corporate action. The sole stockholder of MacAndrews & Forbes is Ronald O. Perelman, who is Chairman of the Board and Chief Executive Officer of Pantry Pride, MacAndrews & Forbes and certain of MacAndrews & Forbes' subsidiaries.

The principal executive offices of Pantry Pride are located at 6500 North Andrews Avenue, Fort Lauderdale, Florida 33309. The principal executive offices of MacAndrews & Forbes and the Purchaser are located at 36 East 63rd Street, New York, New York 10021.

The name, business address, principal occupation or employment and citizenship of each executive officer and director of Pantry Pride, MacAndrews & Forbes and the Purchaser are set forth in Schedule I.

MacAndrews & Forbes beneficially owns 30,000 Shares. Bruce Slovin, President of MacAndrews & Forbes and President of Pantry Pride, beneficially owns 1,000 Shares. The wife of Fred R. Sullivan, a director of Pantry Pride and MacAndrews & Forbes, beneficially owns 500 Shares. Mr. Sullivan disclaims beneficial ownership of such Shares.

Except as set forth in this Offer to Purchase, neither Pantry Pride, MacAndrews & Forbes, the Purchaser, nor, to the best of their knowledge, any of the persons listed on Schedule I to this Offer to Purchase, nor any associate or majority owned subsidiary of Pantry Pride, MacAndrews & Forbes, or any of the persons so listed, beneficially owns or has any rights to acquire any equity securities of the Company. Neither Pantry Pride, MacAndrews & Forbes, the Purchaser nor, to the best of their knowledge, any of the other persons referred to above or any of the executive officers, directors or subsidiaries of any of such persons has effected any transactions in such equity securities during the past 60 days. Except as set forth herein, neither Pantry Pride, MacAndrews & Forbes, the Purchaser (or any other subsidiary of Pantry Pride or MacAndrews & Forbes) nor, to the best of their knowledge, any of the persons listed in Schedule I has any contract, arrangement, understanding or relationship with another person with respect to any securities of the Company, including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer or voting of such securities, joint ventures, loan or option arrangements, puts or calls, guaranteed loans, guarantees against loss or the giving or withholding of proxies. Except as described herein, neither Pantry Pride, MacAndrews & Forbes, the Purchaser nor, to the best of their knowledge, any of the persons listed on Schedule I hereto, has since January 1, 1982 had any transaction with the Company or any of its executive officers, directors or affiliates that would require disclosure under the rules of the Commission. Except as set forth herein, there have been no contacts, negotiations or transactions since January 1, 1982 between Pantry Pride, MacAndrews & Forbes, the Purchaser or, to the best of their knowledge, any of the persons listed on Schedule I hereto, or any subsidiary of the Purchaser, Pantry Pride, MacAndrews & Forbes or any persons so listed, and the Company or its affiliates, concerning a merger, consolidation, or acquisition, a tender offer or other acquisition of securities, an election of directors or a sale or other transfer of a material amount of assets. Pantry Pride and its subsidiaries purchase goods, directly or indirectly, from the Company in the ordinary course of business for sale through Pantry Pride's and its subsidiaries' retail stores.

Pantry Pride and MacAndrews & Forbes each files periodic reports and Pantry Pride files proxy statements and other information, with the Commission under the Exchange Act relating to its business, financial condition and other matters. Pantry Pride is required to disclose in such proxy statements and reports certain information, as of particular dates, concerning the principal holders of its securities, its directors and officers, their remuneration, options granted to them and material interests of such persons in transactions with Pantry Pride. Such reports, proxy statements and other information should be available for inspection and copying at the same places and in the same manner as set forth with respect to information concerning the Company in Section 8 (but may not be available at the NYSE, MSE or PSE library).

Set forth below is certain summary consolidated financial information taken from Pantry Pride's Annual Report on Form 10-K for the year ended July 28, 1984 and from Pantry Pride's Quarterly Report on Form 10-Q for the quarter ended May 4, 1985. More comprehensive financial information is included in such reports, and the financial information that follows is qualified in its entirety by reference to such documents and all of the financial statements and related notes contained therein.

PANTRY PRIDE, INC.

Selected Consolidated Financial Data
(In thousands, except per share data)

	Forty Weeks Ended		Fiscal Years Ended		
	May 4, 1985	May 5, 1984	July 28, 1984	July 30, 1983	July 31, 1982
	(Unaudited)				
Income Statement Data:					
Sales	$718,206	$599,063	$770,411	$941,635	$930,163
Earnings from continuing operations before income taxes	5,981	5,905	7,380	17,353	20,448
Earnings from continuing operations	2,619	3,012	4,771	8,950	11,317
Earnings (loss) from discontinued operations		765	765	(2,659)	(4,002)
Utilization of net operating loss carryforward	2,477	3,628	3,242	5,949	6,174
Other extraordinary items	493	1,150	1,150	1,300	2,000
Net earnings	5,589	8,555	9,928	13,540	15,489
Earnings (loss) per common and common equivalent share:					
Continuing operations	.07	.12	.17	.35	.59
Discontinued operations		.03	.03	(.16)	(.41)
Extraordinary items	.07	.19	.16	.44	.83
Net income	.14	.34	.36	.63	1.01
Earnings per common and common equivalent share on a fully diluted basis	.14	.34	.36	.62	.78

	May 4, 1985 (Unaudited)	July 28, 1984	July 30, 1983
Balance Sheet Data:			
Current assets	$246,616	$124,990	$137,812
Current liabilities	106,915	73,425	77,209
Property and equipment, net	57,902	63,947	87,886
Total assets	406,887	266,109	244,081
Total long-term indebtedness	151,173	45,882	93,801
Stockholders' equity	144,763	138,686	58,287

At August 3, 1985, Pantry Pride believes that it had available a net operating loss carryover of approximately $340 million, subject to certain interpretations and restrictive provisions of the Code. The Code provides that, under certain circumstances, a net operating loss carryover will be disallowed if (a) the ownership of stock by the ten largest stockholders of the corporation increases (through purchases) by 50 percentage points or more over two fiscal years (a "Change of Ownership") and (b) the corporation has not continued to carry on a trade or business substantially the same as that conducted before any Change of Ownership (a "Change in Business").

As a result of its purchase of Pantry Pride Series A Preferred Stock in June 1985, as well as other acquisitions of Pantry Pride Common Stock from third parties, MacAndrews & Forbes has significantly increased its stock ownership in Pantry Pride. Pantry Pride is also aware of certain other increases in stock ownership among its ten largest stockholders during the past two fiscal years. Although precise calculation of changes in stock ownership (through purchases) is difficult, in part, because such calculation is subject to varying interpretations of the Code and because of the uncertainty in determining the relative fair market values of Pantry Pride Series A Preferred Stock and Pantry Pride's Common Stock, Pantry Pride believes that, although such changes approach, they did not constitute, a Change of Ownership for the fiscal years ended July 28, 1984 and August 3, 1985. There can be no assurance that future purchases of Pantry Pride's Common Stock by stockholders or persons who are not now stockholders will not cause a Change of Ownership for fiscal years beginning after August 3, 1985. Purchases of Pantry Pride stock prior to August 3, 1985, including the substantial purchases by MacAndrews & Forbes, will not be taken into account, however, for purposes of a Change of Ownership for fiscal years beginning after August 2, 1986. Pantry Pride is monitoring transfers of Pantry Pride's Common Stock and is taking all reasonable action with a view toward attempting to prevent a Change of Ownership which, if Pantry Pride is deemed to have undergone a Change in Business for purposes of the Code, would result in the disallowance of the net operating loss carryover.

A Change in Business takes place when a company disposes of all of its business operations and may take place upon disposition of a substantial portion thereof. Depending upon the nature and extent of the disposition of the assets and businesses of Pantry Pride, including the completed sale of the supermarkets constituting its Jacksonville and Virginia regions and the proposed sale of its remaining operating supermarkets and its other assets and businesses, it is likely that the Internal Revenue Service will assert that Pantry Pride has undergone a Change in Business for purposes of the Code. Accordingly, there can be no assurance that Pantry Pride has not undergone a Change in Business for purposes of the Code. However, such Change in Business, were it deemed to occur, will not cause a disallowance of Pantry Pride's net operating loss carryover unless a Change of Ownership has also occurred. Nevertheless, pursuant to certain provisions of the Treasury Regulations relating to consolidated returns, if a Change in Ownership were deemed to occur even though a Change in Business has not occurred, Pantry Pride's net operating loss carryover may not be available to offset the taxable income of the Company and the Company's subsidiaries.

In addition to the foregoing, there are other limitations and restrictions on the use of net operating loss carryovers in connection with acquisitions. There can be no assurance that such limitations and restrictions will not apply to the acquisition of the Company.

Any significant loss of or restriction on Pantry Pride's net operating loss carryover could have a material adverse effect upon Pantry Pride's earnings and cash flow and would limit Pantry Pride's ability to service its debt obligations and preferred dividend requirements. See Sections 10 and 12.

Recently there has been renewed attention by the Congress respecting various proposals to reform the rules under current law by restricting the utilization of net operating loss carryovers in connection with acquisitions. Although these proposals vary in significant details, they would generally restrict the availability of a corporation's net operating loss carryover. If any of these or other reform proposals modifying the current rules are enacted into law, the utilizaton of Pantry Pride's net operating loss carryover may be affected.

10. Source and Amount of Funds. The total amount of funds required by the Purchaser to purchase all Shares pursuant to the Offer and to pay related fees and expenses is estimated to be approximately $1,390 million. The funds required in connection with the Offer are expected to be provided from (i) Pantry Pride's approximately $750 million of general corporate funds, including proceeds from the sale of Pantry Pride Securities, (ii) the private placement of up to $500 million principal amount of Pantry Pride Notes, as described below, and (iii) borrowings by the Purchaser under the $340 million Bank Credit.

The consummation of the Offer is conditioned, among other things, on the Purchaser obtaining sufficient financing to enable it to purchase all Fully Diluted Shares. See Section 14.

Pantry Pride Securities. On July 22, 1985, Pantry Pride consummated an underwritten public offering of debt securities and preferred stock pursuant to which Pantry Pride received net proceeds of approximately $729 million. Pantry Pride issued (i) $225,000,000 principal amount of Senior Subordinated Notes due July 15, 1993 (the "Senior Subordinated Notes"), (ii) $143,750,000 principal amount of 14¼% Subordinated Notes due July 15, 1995 (the "Subordinated Notes"), (iii) $258,750,000 principal amount of 14⅜% Subordinated Debentures due July 15, 1997 (the "Subordinated Debentures" and, together with the Senior Subordinated Notes and the Subordinated Notes, the "Debt Securities") and (iv) 1,300,000 shares of $14.875 Series B Cumulative Redeemable Exchangeable Preferred Stock (the "Series B Preferred Stock" and, together with the Debt Securities, the "Pantry Pride Securities"). The Pantry Pride Securities were issued pursuant to a Registration Statement on Form S-3 (File No. 2-98264), copies of which may be obtained from the principal office of the Commission in the manner set forth in Section 8. The description of the Pantry Pride Securities contained herein is qualified by reference to such Registration Statement.

The Senior Subordinated Notes bear interest at the rate of 11⅞% per annum, which rate will increase quarterly (i) by 50 basis points per quarter during the first year and (ii) by 25 basis points per quarter thereafter. Dividends on the Series B Preferred Stock will be payable, when, as and if declared, at the rate of $14.875 per annum per share. The liquidation preference of the Series B Preferred Stock is $100 per share plus accrued and unpaid dividends. The Pantry Pride Securities are subject to certain redemption and sinking fund provisions.

The Series B Preferred Stock may be exchanged at the option of Pantry Pride, in whole, on any dividend payment date commencing July 15, 1987, subject to certain conditions, for Pantry Pride's 15⅛% Junior Subordinated Debentures due July 15, 2000 in a principal amount equal to $100 per share of Series B Preferred Stock. The Junior Subordinated Debentures will have optional redemption and sinking fund provisions substantially similar to those of the Series B Preferred Stock.

The indentures relating to the Debt Securities contain covenants relating to the incurrence of debt, payments of dividends, stock purchases, the maintenance of certain ratios of earnings to fixed charges and the maintenance of certain levels of consolidated net worth. Following the purchase of Shares pursuant to the Offer, depending upon, among other things, the timing of the consummation of the Merger, the amount of the Company's indebtedness, the prices at which any Pantry Pride assets may be sold and the results of operations of Pantry Pride and the Company, Pantry Pride may in the future be required to seek waivers with respect to certain covenants contained in the indentures relating to the Debt Securities.

Drexel Burnham acted as underwriter in connection with the offering of the Pantry Pride Securities, for which it received underwriting discounts aggregating $25 million. Pantry Pride agreed to indemnify Drexel Burnham against certain liabilities, including liabilities under the federal securities laws, in connection with the offering. Drexel Burnham is acting as Dealer Manager in connection with the Offer. See Section 16. On August 12, 1985, certain entities related to Drexel Burnham purchased $10 million of Series A Preferred Stock of Pantry Pride.

Pantry Pride Notes. Pantry Pride and the Purchaser have retained Drexel Burnham to seek financing for the Offer through the private placement of up to $500 million principal amount of Pantry Pride Notes. Drexel Burnham has informed the Purchaser that, based upon current conditions, Drexel Burnham is highly confident that it can obtain, by October 4, 1985, commitments to purchase $350 million principal amount of Pantry Pride Notes. Drexel Burnham has also informed the Purchaser that based upon current conditions, upon being instructed to do so, it is highly confident that it can obtain commitments to purchase an additional $150 million principal amount of Pantry Pride Notes. The interest rates and other terms of the Pantry Pride Notes have not yet been determined. It is presently anticipated that the covenants to be contained in the indentures relating to the Pantry Pride Notes will be less restrictive than those in the indentures relating to the Debt Securities.

Pantry Pride has paid Drexel Burnham a fee of $500,000 for its advice regarding its confidence that it can obtain the commitments referred to above. Pantry Pride and the Purchaser have agreed to pay (i) to Drexel Burnham an additional fee equal to ¾ percent of the aggregate purchase price of the Pantry Pride Notes committed to be purchased and (ii) to the investors which execute commitments to purchase Pantry Pride Notes, a commitment fee equal to ¾ percent of the aggregate purchase price of the Pantry Pride Notes committed to be purchased

by such investors thereunder. If the Purchaser utilizes the proceeds of the commitments described above, then at the time of the sale of the Pantry Pride Notes, Pantry Pride has agreed to pay to Drexel Burnham placement fees in an amount to be agreed upon by the Purchaser and Drexel Burnham. Pantry Pride has agreed to indemnify each investor from whom a written commitment is secured against certain liabilities, including liabilities under the federal securities laws. See Section 16 for information with respect to certain fee and other arrangements with Drexel Burnham.

Bank Credit. The Purchaser has entered into a Credit Agreement with the Bank which provides that the Bank is prepared to make the Bank Credit available to the Purchaser upon the terms and conditions set forth therein. The Purchaser and the Bank have entered into a letter agreement (the "Letter Agreement") dated September 13, 1985, pursuant to which the Bank has committed to amend the Credit Agreement in certain respects to reflect the consummation of the Company Offer and the making of the Offer. Pursuant to the Letter Agreement, the aggregate amount available under the Bank Credit will be $340 million. Subject to the mandatory prepayment provisions described below, all borrowings under the Bank Credit ("Loans") are due and payable on August 14, 1986. Proceeds of the Loans may only be used to purchase Shares in the Offer, to purchase Shares following the Offer and to purchase Shares and Preferred Shares in the Merger. All shares of capital stock of the Company owned by the Purchaser and its affiliates and all shares of capital stock of the Purchaser must be pledged to the Bank.

The Offer is conditioned upon, among other things, the Purchaser having available to it the funds under the Bank Credit or funds from alternative sources. The Bank's obligation to provide funds under the Bank Credit is conditioned upon, among other things, a minimum of 88 percent of the Fully Diluted Shares (computed without giving effect to the conversion, under certain circumstances, of the $9.00 Preferred Shares) being validly tendered and not withdrawn. The condition that 90 percent of the Shares outstanding on the date of purchase be validly tendered may be satisfied and, if a sufficient number of options, rights and other convertible securities is not converted into Shares, such 88 percent condition may not be satisfied. In such event, unless such 88 percent condition is waived by the Bank, the Bank will not be obligated to provide funds under the Credit Agreement. See Section 14.

Loans will bear interest at the greater of the Bank's publicly announced prime rate or the average weekly three-month secondary market certificate of deposit rate plus 1%. At the date of the initial Loan, the Purchaser will be required to set aside in a reserve account which will be pledged to the Bank an amount equal to the interest which would accrue on the Bank Credit over a six month period (the Letter Agreement provides for an 18 month period); on each subsequent quarterly interest payment under the Bank Credit, the Purchaser will be required to maintain in a reserve account that will be pledged to the Bank an amount equal to the interest that would accrue until the next regularly scheduled quarterly interest payment (the Letter Agreement provides for interest accruing until the second following quarterly payment date). The Purchaser will be required to pay a commitment fee of ½% per annum on the unused portion of the Bank Credit, payable quarterly, and a facility fee of $2,500,000. The Purchaser has paid to the Bank $1,250,000 of such facility fee; the balance is payable on the earlier of the date the Purchaser accepts Shares for payment under the Offer or the date the Purchaser consummates the Merger.

The Credit Agreement provides that the obligation of the Bank to make Loans is subject to customary conditions and is subject to certain other conditions, including (i) the receipt by the Purchaser of capital contributions of at least $1,400 million (reduced to $1,025 million by the Letter Agreement) which shall have been used only to purchase Shares and to fund the reserve account referred to above, (ii) if the initial Loan is to be used to purchase Shares other than in the Merger, the Purchaser shall own Shares representing at least 51 percent of the voting power of the Fully Diluted Shares, and at least 75 percent of the voting power of the outstanding Shares, or if the initial Loan is to be used in connection with the Merger, the Purchaser shall have made payment (with its own funds, and not the proceeds of any loans) of (a) the aggregate price payable in the Merger minus (b) the amount then available under the Bank Credit (the Letter Agreement provides that the provision described in this clause (ii) will be modified to require that on the date of the initial Loan the Purchaser shall own (free and clear of any liens, other than to the Bank) at least 88 percent of the Shares computed on a pro forma basis giving effect to the conversion or exercise of all then outstanding securities convertible into, and agreements, rights or options to acquire, Shares, but excluding unissued Shares receivable upon the conversion or exchange of the $9.00 Preferred Shares if on such date the per share market value of $9.00 Preferred Shares is greater than 115 percent of the amount that would be payable under the Offer for the Shares into which a $9.00 Preferred Share is convertible on such date), (iii) that the Purchaser shall have obtained all requisite governmental approvals to consummate the Offer (except certain approvals required by state "takeover" laws), (iv) that no litigation or similar proceeding shall exist, or in

the case of litigation by a governmental authority, be threatened, with respect to the Offer or the Bank Credit in which there is a reasonable possibility of an adverse determination and which would in the good faith opinion of the Bank likely have a material adverse effect on the ability of the Purchaser to perform its obligations under the Credit Agreement, (v) on the date of the initial Loan, neither the Company nor any of its subsidiaries (A) shall have disposed of any material assets other than in the ordinary course of business (or, according to the Letter Agreement, created liens or encumbrances on material assets), (B) shall have made any material change in its capitalization or corporate structure or (C) shall have announced an intention to effect the events described in (A) or (B), which in the case of (A), (B) or (C), the Bank determines to involve a significant possibility of an adverse effect on its rights under the Credit Agreement (the Letter Agreement provides that neither (i) the exchange by the Company pursuant to the Company Offer, in accordance with the provisions of the Company Offer to Purchase as in effect on September 13, 1985, of Notes and $9.00 Preferred Shares for not more than 10 million Shares nor (ii) the exercise of Rights on or after the first date on which Shares are accepted for purchase pursuant to the Offer which results in the issuance of not more than $195 million aggregate principal amount of Rights Notes, shall, in and of itself, be deemed to be a "material adverse change" or a material change in the capitalization or corporate structure of the Company for purposes of this clause (v) and clause (vi)), (vi) no material adverse change in the financial condition, business or operations of the Purchaser or the Company shall have occurred since March 31, 1985 and there shall not exist any significant possibility of such material adverse change based on then current conditions, including proposed acquisitions or dispositions, and (vii) neither the consummation of the Offer or the Merger shall result in a default of indebtedness of the Company.

The Letter Agreement provides for the additional condition that the sum of (i) all issued and outstanding Rights Notes and (ii) all Rights Notes that could be acquired at any time pursuant to Rights either then issued or which could thereafter be issued in respect of Shares which could be acquired pursuant to the exercise or conversion of all then outstanding securities convertible into, and agreements, rights or options to acquire, Shares, shall not exceed $195 million in aggregate principal amount (assuming that Shares owned by the Purchaser or theretofore accepted for payment by the Purchaser in the Offer will not be available for delivery to the Company in payment of the consideration due upon exercise of Rights).

If (i) there is a reasonable possibility of an adverse determination in the litigation described in Section 11 or any other litigation which may be commenced which would, in the good faith opinion of the Bank, likely have a material adverse effect on the ability of the Purchaser to perform its obligations under the Credit Agreement, (ii) the Bank determines that the actions taken by the Company with respect to the proposed asset sale as described in Section 11 or otherwise involve a significant possibility of an adverse effect on the Bank's rights under the Credit Agreement or (iii) following the time the Purchaser acquires in excess of 50 percent of the outstanding Shares, an Event of Default (as defined in the Credit Agreement) results from a Company Action (as hereafter defined), then the Bank may be relieved of its obligations to make Loans.

The Credit Agreement provides for various representations, warranties and covenants of the Purchaser, its subsidiaries and Pantry Pride. The Credit Agreement also provides that after the date on which the Purchaser acquires in excess of 50 percent of the Company's outstanding Shares, the Company will be considered a subsidiary of the Purchaser and will therefore be subject to certain negative covenants described below. Violation of any of these covenants with respect to the Company, other than the covenants described in (xi), (xii) and (xiii) below (a "Company Action"), will not constitute an Event of Default under the Credit Agreement if at such time the Purchaser has not elected, and could not elect under applicable law (including by removal of directors without cause or with cause after a judicial determination), a majority of the Board of Directors of the Company or otherwise prevent such action in its capacity as a stockholder; provided, however, that (i) the Purchaser has taken (and in the future takes) such reasonable steps as may be available to it to mitigate the consequences of any such action, insofar as it might adversely affect the Bank, including by curing such violation if it can be cured, and (ii) the Purchaser, at the request of the Bank, negotiates in good faith with the Bank to amend or modify the Credit Agreement in such a manner as to preserve or restore to the Bank, if practicable, the benefits or protections intended to be afforded to the Bank by the violated provisions. Notwithstanding the foregoing, if the Bank reasonably determines that any Company Action or the results thereof have materially and adversely impaired, or are likely to materially and adversely impair, the prospect that the loans will ultimately be repaid in full, and the Bank gives written notice to the Purchaser of such determination, then on the 60th day after the date on which such notice is given the provisions described in the immediately preceding sentence shall cease to apply to such Company Action, and if at such time such Company Action or the consequences thereof constitute an event of default under the Credit Agreement (determined without regard, however, to any other grace or cure periods that may be

provided for therein), the Bank shall be entitled for so long as such Event of Default continues to exercise the rights and remedies it may have under the Credit Agreement as a consequence of the occurrence of such an Event of Default.

The covenants contained in the Credit Agreement include, without limitation (i) that the Purchaser will not pay or commit to pay an aggregate price for the Shares which would exceed the sum of the Bank Credit, the net proceeds of loans subject to lending commitments or commitments or assurances from investment banks and capital contributions to the Purchaser, (ii) a prohibition on the Purchaser incurring any indebtedness or contingent obligations other than Loans under the Bank Credit, (iii) that the Company does not incur additional indebtedness other than short-term indebtedness (including commercial paper borrowings) in excess of $500 million, (iv) that the ratio of the Company's consolidated total liabilities to consolidated tangible net worth does not exceed 2.5 to 1 (the Letter Agreement provides for a ratio of consolidated total liabilities to consolidated stockholders' equity of 8.5 to 1), (v) that neither the Purchaser nor any subsidiary may issue preferred stock or otherwise change its equity structure, (vi) that the Purchaser may not, prior to the Merger, engage in any business activity other than the acquisition and ownership of the Shares, (vii) that neither the Purchaser nor any subsidiary may create or permit to exist any mortgages, liens or pledges by Purchaser other than those currently existing or the security interest in the Shares granted to the Bank, (viii) that neither the Purchaser nor any subsidiary may dispose of any asset (A) for less than book value without the prior written consent of the Bank, (B) for more than book value if the Bank timely and reasonably objects, (C) for other than cash without the prior written consent of the Bank and (D) unless the net proceeds of any such sale are used to prepay Loans, (ix) that neither the Purchaser nor any subsidiary may declare or pay dividends, or purchase, retire or redeem any capital stock, except that the Purchaser may use cash dividends paid by its subsidiaries, including the Company, to pay dividends to Pantry Pride to the extent necessary to pay interest or dividends due within 30 days on debt or preferred stock not to exceed $1,900 million in principal amount incurred by Pantry Pride to make capital contributions to the Purchaser provided that no default then exists under the Bank Credit, (x) that neither the Purchaser nor any subsidiary may make investments or loans in other than high grade, short-term investment securities, (xi) a prohibition on mergers and consolidations other than the Merger, (xii) prior to the Merger, the Company will maintain consolidated stockholders' equity at not less than $670 million (the Letter Agreement provides for the maintenance of stockholders' equity of not less than $265 million), (xiii) after the Merger, the cumulative losses of the Company may not exceed $30 million (without regard to accounting or depreciation adjustments relating to the Merger) and (xiv) a prohibition on Pantry Pride and its affiliates repaying or refunding any indebtedness incurred in connection with the Offer or the transactions contemplated hereby. In addition, if 270 days after the initial Loan, Loans aggregating 20 percent of the maximum amount of Loans outstanding since the initial Loan have not been repaid, the Bank may require the Purchaser to merge with or into the Company. Pantry Pride will be required to own, directly or indirectly, all capital stock of the Purchaser.

The Letter Agreement provides that the provisions described in clauses (iii), (v), (ix) and (x) above will be modified to the extent necessary to permit (i) the exchange by the Company pursuant to the Company Offer, in accordance with the provisions of the Company Offer to Purchase as in effect on September 13, 1985, of Notes and $9.00 Preferred Shares for not more than 10 million Shares and (ii) the exercise of Rights on or after the first date on which Shares are accepted for purchase by the Purchaser pursuant to the Offer which results in the issuance of not more than $195 million aggregate principal amount of Rights Notes. The Letter Agreement also provides that any indebtedness issued or incurred after September 13, 1985 by Pantry Pride or any of its affiliates (other than indebtedness under the Credit Agreement), any portion of which is to be used to make equity investments in or equity contributions to the Purchaser or to purchase Shares or Preferred Shares, shall not include any material covenants or events of default other than those described in Pantry Pride's Registration Statement on Form S-3 filed with the Commission on August 28, 1985, as relating to the subordinated notes of Pantry Pride to which such Registration Statement related. Such covenants and events of default included certain customary covenants and events of default, and certain additional covenants in respect of the indebtedness provided for in such Registration Statement providing (i) that the net proceeds of any asset dispositions not in the ordinary course of business (other than dispositions of margin stock) realized by Pantry Pride or any of its subsidiaries (reduced by taxes and amounts used to repay debt which must be paid on such asset dispositions) shall be used to redeem such indebtedness, (ii) that if Pantry Pride's consolidated net worth at the end of any two consecutive fiscal quarters is less than $50 million, 20 percent of such indebtedness will become due and payable, (iii) for limits on dividends, distributions and stock purchases, (iv) that the sum of indebtedness senior to such indebtedness and the debt of Pantry Pride's subsidiaries does not exceed certain specified percentages of the sum of (A) Pantry Pride's consolidated net worth, (B) Pantry Pride's redeemable preferred stock and (C) the debt of Pantry Pride other than debt

senior to such indebtedness and (v) that Pantry Pride must maintain, on a consolidated basis, a ratio of earnings to fixed charges of at least 1:1 over specified periods.

The Credit Agreement requires that after consummation of the Merger, if any sale of assets of the Company occurs, other than sales in the ordinary course, the Loans must be prepaid with the net cash proceeds of such sales. See Section 11.

In addition, the Credit Agreement contains customary affirmative and negative covenants, representations and warranties and events of default.

Pantry Pride and the Purchaser have agreed to indemnify the Bank against certain liabilities in connection with the Bank Credit.

General. It is anticipated that all borrowings described above will be repaid from the sale (following the Merger) as described in this Offer to Purchase of substantially all of the assets of the Company other than the Company's Beauty Group, the sale of assets of Pantry Pride, funds generated internally by Pantry Pride (including, after the Merger, funds generated by the Company) or other sources, which may include the proceeds of the sale of debt or equity securities and any surplus assets which may revert to the Company from the Revlon, Inc. Employees' Retirement Plan. See Sections 11 and 12. Except for such sales of the Company's assets and Pantry Pride's assets, no decision has been made concerning these matters, and decisions will be made based on Pantry Pride's review from time to time of the advisability of particular transactions, as well as on prevailing interest rates, financial and other economic conditions. See Section 11 for a description of certain covenants in the Note Indenture, the indenture relating to the Rights Notes and certain of the Company's credit agreements which restrict sales of assets of the Company. See Section 12 for a description of certain limitations on Pantry Pride's ability to service the debt described in this Section 10.

Copies of the Credit Agreement and the Letter Agreement have been filed as exhibits to the Tender Offer Statement on Schedule 14D-1 filed by the Purchaser with the Commission in connection with the Offer. When definitive agreements relating to the Bank Credit and to the other financing arrangements described above have been executed or consummated, copies will be filed as exhibits to the Schedule 14D-1. Reference is made to such exhibits for a more complete description of the terms and conditions of such documents.

11. Contacts with the Company; Background of the Offer. In June and August of 1985, Ronald O. Perelman, Chairman and Chief Executive Officer of Pantry Pride, and Michel C. Bergerac, Chairman and Chief Executive Officer of the Company, met to discuss Pantry Pride's possible interest in acquiring the Company. Prior to a meeting scheduled for August 19, 1985, at which Pantry Pride intended to enter into serious negotiations regarding the acquisition of the Company, the Company announced that its Board had authorized (i) the declaration of a special dividend consisting of one Right with respect to each outstanding Share and (ii) the purchase in the open market of up to five million Shares.

The following day, in an article appearing in *The Wall Street Journal*, in response to a question as to whether the Company had been approached by other companies regarding a possible acquisition, Mr. Bergerac, Chairman of the Company, was quoted as saying, "People have inquired. The message we have given to them is the company is not for sale. I am not soliciting offers, I don't want offers and we're not entertaining offers."

On August 23, Ronald O. Perelman, Chairman of the Board of Pantry Pride, delivered the following letter to Michel C. Bergerac, Chairman of the Board of the Company:

Dear Michel:

I am very disappointed at the turn of events since our meeting of Friday, August 16th, when we discussed together our mutual objectives. It was always and remains my intention to keep open the lines of communication. Unfortunately, it appears that rhetoric and invective are taking over.

I left our meeting with a very positive feeling. As you know, we discussed ideas about how we could structure a transaction that would be beneficial to the Revlon shareholders as well as to the management, employees and customers of the company.

To characterize our offer as "junk bond" and "bust-up" could not be further from the truth. For one, our tender offer, which followed your "poison pill" announcement, was and is an *all* cash offer for *all* Revlon shares. Second, our operating history at MacAndrews & Forbes shows that we have developed all our businesses beyond their acquisition levels. Our businesses have more revenues, profits and employees today

than ever before. As I told you, we are not wedded to any one position and are anxious to hear your views on the retention of additional businesses.

Of utmost importance, we have offered to your shareholders what we believe is a full and fair price for their stock. We understand that you have a different view. What we do not understand is why you are either unwilling to negotiate or let your shareholders decide for themselves.

I cannot understand why you have refused to meet and discuss our good faith offer. Your response—a "bust-up" of Revlon and a buy-back of shares in the open market without providing *all* Revlon stockholders the premium they deserve—seems wholly inconsistent with the original objectives you set forth for the company at our first meetings. You are forever indelibly changing your company to the detriment of shareholders.

As you know, our intentions all along have been honest and forthright. We did not accumulate a substantial position in Revlon stock in the hope of making a quick profit on an "overbid." Nor did we seek any kind of "greenmail."

I had thought our meeting was productive and went very well. I sincerely hope we could sit down again and discuss our proposal in a professional and constructive manner to the benefit of all concerned.

Best regards,

Sincerely yours,

Ronald O. Perelman
Chairman of the Board

The Company Schedule 14D-9. On August 27, 1985, the Company filed a Solicitation/Recommendation Statement on Schedule 14D-9 (the "Company 14D-9") stating that, at a meeting held on August 26, 1985, the Board of Directors of the Company unanimously determined that the August Offer was "grossly inadequate and not in the best interests of the Company and its stockholders." The Company also disclosed that the Board had directed management to take such steps as are necessary to ensure that Pantry Pride does not cause the assets of the Revlon, Inc. Employees' Retirement Plan to revert to the Company. The Company 14D-9 further stated that the Board of Directors of the Company had authorized asset sales to realize gross proceeds of approximately $250 million which would be used to reduce outstanding debt.

Company Credit Agreements. According to publicly available information, on August 16, 1985, the Company and Manufacturers Hanover Trust Company, as agent for a number of banks, including itself, entered into an amendment to a credit agreement dated September 30, 1978, as amended, to provide, among other things for the addition of a covenant that the Company may not sell or transfer any assets, other than, among other things, (a) sales in the ordinary course of business, (b) sales approved by the Continuing Directors (as defined therein) and (c) sales for the greater of book value and fair market value which aggregate, since December 31, 1984, less than eight percent of Consolidated Tangible Net Worth (as defined). The amended credit agreement provides for aggregate loans of up to $150 million. According to publicly available information, on August 16, 1985 the Company entered into credit agreements with Lloyds Bank International Limited, Manufacturers Hanover Trust Company and, the Purchaser believes, Security Pacific National Bank which include such covenant. These credit agreements provide for loans of up to $25 million, $180 million and $50 million, respectively.

The Rights. On August 19, 1985, the Company announced that:

> Each Right will entitle its holder to exchange one share of Revlon common stock for $65 principal amount of 12 percent Revlon One Year Notes. The Rights dividend will be distributed on August 30, 1985 to shareholders of record on that date. The Rights will not be exercisable and separate Rights Certificates will not be issued until a person or group acquires beneficial ownership of 20 percent or more of Revlon's common stock.
>
> No Rights Certificates will be issued to the person or group that acquires 20 percent or more of Revlon's common stock and their Rights will be made null and void by their acquiring such 20 percent.
>
> The Rights will not be exercisable if the 20 percent shareholder promptly announces and consummates a transaction in which all the remaining common shares are acquired for at least $65 a share in cash. The rights will be redeemable by the Board for 10¢ per Right at any time prior to a 20 percent acquisition. To the extent that statutory or contractual restrictions prevent the exchange of debt securities for stock, Rights will be exercised for debt on a pro rata basis to the extent practicable.

Because the Rights will be redeemable at any time prior to a 20 percent acquisition, they will not interfere with any acquisition transaction approved by the Board. The Rights are designed to encourage third parties interested in acquiring Revlon to negotiate with the Company and not to attempt by unilateral action to acquire the Company at bargain basement prices dictated by them.

In the Company 14D-9, the Company stated that the Rights Notes will bear interest at the rate of 12% per annum, will have a term of one year from the date of the acquisition of 20 percent of the Shares and Rights Notes will contain covenants by the Company imposing restrictions on dividends and certain other payments with respect to the Shares. In addition, the Company stated that it will covenant to use the net proceeds from dispositions of its assets, other than in the ordinary course of business, to redeem the Rights Notes, to the extent that such proceeds are not required to reduce the Company's indebtedness existing on the date of the acquisition of 20 percent of the Shares or to eliminate any legal or contractual restriction upon exercise of the Rights.

In a letter dated September 6, 1985 to the stockholders of the Company, Mr. Bergerac stated that if the Rights Notes become issuable for a substantial percentage of the Rights, the issuance of the Rights Notes would severely increase the Company's debt and could eliminate the Company's equity and accordingly, if the Rights become exercisable, the Company's ability to meet its debt obligations (including obligations on the Notes) could be severely impaired. The letter stated that the Rights Notes are senior to the Notes. The letter also stated that although the Rights contain a provision to the effect that their exercise for Rights Notes will be postponed to the extent the Company is restricted by legal prohibitions or contractual obligations from exchanging Rights Notes upon exercise of the Rights, neither the Notes nor the $9.00 Preferred Shares contains any such restrictions.

The Purchaser is unable to assess the effects, if any, of any of the foregoing provisions on the value of the Rights. The Purchaser believes that the issuance of the Rights violates Delaware law and intends to take all actions which it deems necessary or appropriate to void the Rights and to prevent the issuance of the Right Notes.

The Company Offer; the Notes and the $9.00 Preferred Shares. On August 29, 1985, the Company commenced the Company Offer pursuant to which it offered to purchase up to 10 million Shares by exchanging, for each Share, one Note and one-tenth of a $9.00 Preferred Share. On September 13, 1985, the Company announced that it had accepted for payment 10 million Shares and would issue in exchange for each Share $47.50 principal amount of Notes and one-tenth of a $9.00 Preferred Share.

The Company Offer to Purchase states that certain covenants in the Note Indenture and certain terms of the $9.00 Preferred Shares would make more difficult, and may prevent, consummation of the Offer.

The Company Offer to Purchase states that (i) the Notes will have a stated maturity of September 1, 1995, (ii) the Notes will bear interest at the rate of 11.75% per annum, (iii) the Notes will be subject to redemption in whole or in part, at the option of the Company, at any time after September 1, 1992, at 100 percent of their principal amount plus accrued and unpaid interest to the date fixed for redemption, (iv) the indebtedness evidenced by the Notes is subordinated to the prior payment, when due, of the principal of and premium, if any, and interest on all the Company's senior indebtedness, including the Rights Notes and (v) if an Event of Default (as defined in the Note Indenture) shall have occurred prior to September 1, 1992, there shall become due and payable, together with the principal and interest accrued and unpaid on the Notes, a premium of 11.75% of the principal amount thereof.

The Company Offer to Purchase also states that the Note Indenture contains certain covenants, including covenants restricting the Company's ability to (i) create or suffer to exist any Debt (as defined in the Note Indenture) other than, among other things, (a) Debt existing on the date the Notes were issued, (b) Debt used for working capital, (c) the Rights Notes and (d) Debt approved by the Independent Directors (directors who were in office on May 2, 1985 and who are not and have not been for a period of three years employees of the Company, or any successors to such persons whose election is approved by a vote of a majority of the Independent Directors), (ii) declare certain dividends, purchase shares or make payments to affiliates, except as authorized by a majority of the Independent Directors and (iii) sell or transfer assets, other than, among other things, (a) sales in the ordinary course of business, (b) sales for the greater of book value or fair market value which are less than two percent of Consolidated Adjusted Net Assets (as defined in the Note Indenture) or (c) sales and transfers approved by a majority of the Independent Directors.

According to the Company Offer to Purchase, (i) the $9.00 Preferred Shares have a stated value of $100 per share, (ii) holders of $9.00 Preferred Shares will be entitled to receive cumulative quarterly cash dividends,

commencing December 1, 1985, at an annual rate of $9.00 per share, (iii) each $9.00 Preferred Share may be converted at any time at the option of the holder into 1.739 Shares, (iv) the $9.00 Preferred Shares are subject to optional redemption by the Company beginning September 1, 1990 at $106.75 per share and thereafter at declining premiums, (v) the $9.00 Preferred Shares are subject to mandatory redemption beginning September 1, 1990, (vi) from and after September 1, 1990, the $9.00 Preferred Shares may be exchanged in whole, at the option of the Company, for the Company's 9% Convertible Subordinated Debentures due 2005 at the rate of $100 principal amount of Convertible Subordinated Debentures for each $9.00 Preferred Share, (vii) upon any liquidation, dissolution or winding up of the Company, no distribution shall be made to the holders of stock ranking junior to the $9.00 Preferred Share unless, prior thereto, holders of $9.00 Preferred Shares shall have received $100 per share plus accrued and unpaid dividends and (viii) each $9.00 Preferred Share carries one vote, voting together as a single class with the Shares.

The Company Offer to Purchase also states that the affirmative vote of the holders of 80 percent of the $9.00 Preferred Shares, voting together as a single class, is required to approve, among other things, the creation or incurrence of indebtedness which will result in a ratio of Debt to Capitalization of the Company or the Company and its Affiliates (as such terms are defined in the $9.00 Certificate) in excess of 0.6:1, unless such creation or incurrence is approved by a majority of the Independent Directors.

The foregoing summary of the Notes and $9.00 Preferred Shares is derived from information contained in the Company Offer to Purchase and is qualified in its entirety by reference to the text of the Company Offer to Purchase. The Purchaser does not believe that the restrictive covenants contained in the Note Indenture and the restrictive terms contained in the $9.00 Certificate will prevent or delay consummation of the Offer.

Litigation. On August 19, 1985, the Company commenced litigation in the United States District Court for the District of Delaware against MacAndrews & Forbes and Pantry Pride. On September 4, 1985, the Company filed a second amended and supplemental unverified complaint in such Court against Pantry Pride, MacAndrews & Forbes, the Purchaser and Chemical New York Corporation and Chemical Bank (together, "Chemical") relating to the August Offer and the Purchaser's Offer to Purchase dated August 23, 1985 (the "August Offer to Purchase").

The unverified complaint alleges, among other things, that (a) in July 1985 Pantry Pride determined to make a public offering of $700 million of Pantry Pride Securities the proceeds of which were in substantial part to be used for a tender offer for the Company; (b) the prospectus for that offering was intentionally false and misleading in that it failed to disclose that (i) proceeds from the offering were intended to be used for the acquisition of the Company and (ii) at least $200 million of the proceeds were being raised to satisfy Drexel Burnham's needs, not Pantry Pride's, in that it was raised to enable Drexel Burnham to sell off at least $200 million of Drexel Burnham's own "inventory" of "junk bonds" to Pantry Pride; (c) as a result of the allegedly false prospectus, the sales of Pantry Pride Securities made by Pantry Pride pursuant to the offering were subject to rescission by purchasers of such securities and Pantry Pride is subject to liability for significant amounts of damages; and (d) the defendants have failed to disclose in the August Offer to Purchase that "the $700 million of securities transactions pursuant to the [July] public offering are subject to rescission and that, in the event of such rescission, the funds would be unavailable for the financing" of a tender offer and that Pantry Pride is also liable for significant amounts of damages in connection with the public offering which further impairs defendants' ability to finance an offer, in violation of Section 14(e) of the Exchange Act.

Pantry Pride believes these allegations to be materially false. No purchaser of any of the Pantry Pride Securities has commenced a lawsuit challenging the accuracy of the prospectus. If such a lawsuit were ever brought by a party with legal standing to pursue such claim, if a trial on the merits were held, if all appeals were exhausted and if it were ever determined that there was any material false statement or omission in the prospectus, Pantry Pride might be subject to an indeterminable number of rescission demands or an indeterminate damages judgment unless the suit had previously been settled. Since no such suit has been brought, it is impossible to estimate how long the litigation of such a case might take. Pantry Pride has been advised by counsel that such a case would in all likelihood take well over a year and probably substantially longer before it would be finally decided.

The unverified complaint also alleges, among other things, that (a) the defendants, through certain unidentified representatives "have been selectively disseminating to arbitrageurs and market professionals certain information to the effect that defendants are about to attempt to acquire the Company through a formal tender

offer." (b) the defendants have made false and misleading statements calculated to lead speculators to believe that Pantry Pride will make a formal tender offer at prices as high as $55; and (c) that "defendants' disclosure of information to arbitrageurs and market professionals concerning their imminent formal tender offer for the Company's stock . . .constituted the commencement of an illegal tender offer" in violation of Section 14(d) of the Exchange Act and constituted tipping in violation of Section 14(e) and Rule 14e-3(a).

The unverified complaint also alleges that defendants have wrongfully disrupted and interfered with unspecified business and contractual relationships of the Company by intentionally causing massive confusion and uncertainty as to the Company's future and creating the false public impression that the Company is for sale by making the false and misleading statements alleged in the unverified complaint.

The unverified complaint alleges that the August Offer to Purchase fails to disclose (a) that the financing for the August Offer violates the margin rules, (b) that the offering of the Pantry Pride Securities was made on the basis of a materially false and misleading prospectus and that purchasers of Pantry Pride Securities have claims for rescission and damages, (c) that defendants have manipulated the market by selectively disseminating misleading information in violation of Rule 14e-3 under the Exchange Act, (d) that Chemical is a "bidder" as defined in Rule 14d-1(b) under the Exchange Act and that the August Offer to Purchase fails to include required disclosures concerning Chemical, (e) that it is highly unlikely that Pantry Pride will have the funds to purchase Shares on September 20, 1985 (the originally scheduled expiration date for the August Offer), (f) that it is an offer to sell certain Pantry Pride securities which were to be issued pursuant to a public offering (the "August Securities") in violation of Section 5(c) of the Securities Act, (g) that the August Offer was commenced without compliance with the Williams Act and (h) financial information regarding MacAndrews & Forbes and Mr. Perelman. The unverified complaint also alleges (a) that defendants have violated various provisions of Section 7 of the Exchange Act and the margin rules in connection with the August Securities, Pantry Pride Securities and Bank Credit, that the issuance of the August Securities and the Pantry Pride Securities are subject to the margin rules and that the Bank Credit and the August Securities will not be adequately secured and (b) that Pantry Pride and MacAndrews & Forbes have engaged in a pattern of racketeering activity consisting of multiple acts of securities fraud in violation of 18 U.S.C. § 1962.

The unverified complaint asks that the Court preliminarily and permanently enjoin defendants from (a) commencing or continuing the August Offer or otherwise acquiring the Company's securities, (b) making any public statements regarding the Company or its stock, (c) filing or disseminating any false or misleading statements relating to purchases or proposed purchases by defendants of Shares, (d) voting any Shares, (e) influencing the management of the Company, (f) taking any other steps to acquire control of the Company, (g) extending, maintaining or arranging any credit to Pantry Pride or any other person for the purpose of buying or carrying Company securities or (h) arranging for or causing the extension of credit in contravention of the margin requirements contained in Section 7 of the Exchange Act and the rules thereunder. The unverified complaint also requests that the Court (a) decide that the Company is entitled to refuse to transfer on its books any stock purchased by or on behalf of defendants and to refuse to recognize the vote with respect to any such stock, (b) require defendants to make corrective disclosures, (c) award the Company actual damages of $50 million and (d) grant the Company such other relief as the Court may deem proper.

Pantry Pride believes that the claims in the Company's unverified second amended and supplemental complaint are without merit and intends to defend vigorously this action.

On September 11, 1985, the United States District Court for the District of Delaware heard argument on a motion by the Company for a preliminary injunction enjoining the August Offer. The Company did not seek a preliminary injunction on the tipping or tortious interference claims. On September 12, 1985, the Court rejected the Company's motion for a preliminary injunction. The Court found that the Company had not shown that there is a reasonable probability that defendants violated Sections 14(d) and 14(e) of the Exchange Act, Section 7 of the Exchange Act and the margin rules thereunder or 18 U.S.C §1962.

On August 22, 1985, MacAndrews & Forbes brought an action individually and for its own benefit and derivatively on behalf of the Company against the Company and certain of its directors in the Delaware Court of Chancery alleging, among other things, (a) that the authorization of the Rights was a breach of fiduciary duty and unauthorized under Delaware law, (b) that the issuance of the Rights constitutes an unauthorized amendment to the Company's certificate of incorporation, in violation of Delaware law, (c) that the defendant directors have

breached their fiduciary duties to stockholders by falsely implying that $65 is the minimum fair value of a Share and failing to disclose (i) their own analyses which show that the fair price of the Company is substantially lower than $65 per Share, (ii) that the purpose of the stock repurchase program announced by the Company is to artificially maintain price levels for Shares in an attempt to defeat the August Offer, (iii) at what prices the Company intends to purchase such Shares and (iv) whether those prices are above or below the price level the Company's Board of Directors believes represents fair value for such Shares. MacAndrews & Forbes has requested that the Court (a) declare the proposed issuance of the Rights invalid and unlawful, (b) permanently enjoin the defendant directors and all persons acting in concert with them from taking any action to issue the Rights, (c) void the Rights, (d) require defendants to correct their false and misleading public statements as to the value of the Shares and (e) enjoin the Company from repurchasing the Shares and grant such other relief as the Court deems just and proper.

On September 10, 1985, the Delaware Court of Chancery heard argument on the Company's motion for an order staying the action or dismissing the complaint on the grounds that the claims asserted in the complaint should have been asserted as counterclaims in the federal court action described above, that MacAndrews & Forbes is not an adequate derivative plaintiff and that MacAndrews & Forbes lacks standing to assert individually the claims it has asserted in its complaint. At the conclusion of such argument, the Delaware Court of Chancery reserved decision on the Company's motion.

Board of Governors of the Federal Reserve System. On August 30, 1985, the Company filed a Petition for an Interpretation of Regulations G, U and X with the Board of Governors of the Federal Reserve System seeking a determination that the then proposed sale of the August Securities would have violated Regulations G, U and X, that the proposed borrowings under the Bank Credit will violate Regulations G, U and X and that the sale of the Pantry Pride Securities violated Regulation X. Based on their understanding of Regulations G, U and X, published interpretations of the Board of Governors, opinions issued by the staff of the Board of Governors and other authorities, Pantry Pride and the Purchaser believe that the sale of the Pantry Pride Securities did not violate Regulation X and borrowings under the Bank Credit will not violate Regulations G, U or X, and intend to take appropriate steps to oppose the Company's Petition. An adverse determination by the Board of Governors could have an adverse effect on the Purchaser's ability to obtain financing for the Offer.

12. Purpose of the Offer. The purpose of the Offer is to acquire control of, and the entire common equity interest in, the Company.

The Merger. As soon as practicable following consummation of the Offer, the Purchaser intends to propose and seek to have the Company consummate the Merger with the Purchaser or an affiliate of the Purchaser, pursuant to which each outstanding Share (other than Shares held by Pantry Pride or any of its subsidiaries and other than Shares held by stockholders who perfect their appraisal rights under Delaware law) would be converted into the right to receive a cash payment. The Purchaser has not yet determined the amount of cash per Share that would be payable in the Merger. Such determination will be based upon, among other things, whether the Company's Board of Directors redeems the Rights and whether the Independent Directors waive certain restrictive covenants in the Note Indenture and certain restrictive terms of the $9.00 Preferred Shares. The Purchaser hopes that the Company's Board of Directors, including the Independent Directors, will act responsibly and in the best interests of the Company's stockholders, including, following the consummation of the Offer, Pantry Pride. If the Rights are redeemed and the Independent Directors waive such restrictive covenants and terms, the Purchaser presently intends that in the Merger each such outstanding Share would be converted into the right to receive the cash price paid pursuant to the Offer. The Purchaser has not yet made any determination with respect to the treatment of the Preferred Shares in the Merger. Such determination will be based upon the factors set forth above.

If the existing Board of Directors of the Company remains in office following the consummation of the Offer and refuses to approve the Merger, the Purchaser, in order to consummate the Merger, would have to first replace a majority of the Board of Directors of the Company. Delaware law and the Company's certificate of incorporation require that the Merger be approved by the Board of Directors of the Company and by the holders of a majority of the outstanding shares voting together as a single class, unless the Merger is consummated pursuant to the short-form merger provisions of Delaware law, which require that the Purchaser own 90 percent of each class of the Company's capital stock. In any vote on the Merger, each holder of a Share and each holder of a $9.00 Preferred Share will be entitled to one vote per share and each holder of a Series A Preferred Share will be entitled to .15 votes per share, subject to any adjustments in the case of the Series A Preferred Shares.

According to Article Ninth of the Company's certificate of incorporation, the Company's Board of Directors is divided into three classes, with each class elected for a term of three years and one class elected at the Company's annual meeting of stockholders each year. The number of directors shall be not fewer than three nor more than 17 (subject to the rights of holders of Preferred Shares to elect directors under certain circumstances); the exact number is to be fixed solely by resolution of the Board. As a result of the classified board provisions contained in the Company's certificate of incorporation, at least two annual meetings of the Company's stockholders could be required to elect new directors comprising a majority of the Board of Directors. Pursuant to the Company's certificate of incorporation, directors of the Company may be removed only for cause by the affirmative vote of the holders of 80 percent of the voting power of the outstanding shares entitled to vote in the election of directors, voting as a single class. Under Article Ninth of the Company's certificate of incorporation, no stockholder of the Company can call a special meeting of stockholders and stockholders cannot act by written consent in lieu of a meeting of stockholders.

The foregoing summary of certain provisions of Article Ninth of the Company's certificate of incorporation is qualified by reference to the text of such certificate as set forth in the Company's Proxy Statement relating to the 1985 Annual Meeting of Stockholders.

The financing described in Section 10 of this Offer to Purchase represents sufficient funds to purchase all Fully Diluted Shares pursuant to the terms of the Offer, and to pay the fees and expenses of the Offer and the interest and dividends on the Pantry Pride Securities and interest on the Pantry Pride Notes and on borrowings under the Bank Credit for a period of approximately nine months from the date Shares are first purchased pursuant to the Offer. This period of time assumes that the Purchaser receives the proceeds from the sale of $500 million principal amount of Pantry Pride Notes described in Section 10. If the Purchaser purchases Shares pursuant to the Offer or otherwise, and is not able to effect the Merger prior to nine months from the date Shares are first purchased pursuant to the Offer, unless Pantry Pride or the Purchaser is able to obtain additional funds pursuant to sales of Pantry Pride assets, sales of Shares (which could have an adverse effect on market prices), refinancings or additional borrowings, any dividends with respect to the Shares or otherwise, Pantry Pride and the Purchaser will not be able to continue to pay interest and dividends on the Pantry Pride Securities and interest on the Pantry Pride Notes and on any borrowings under the Bank Credit. Any such sales would require consents under existing loan agreements and may require consent under the Bank Credit. Certain terms of the $9.00 Preferred Shares may restrict the Purchaser's ability to incur additional debt following the purchase of Shares and may restrict the Company's ability to pay dividends with respect to the Shares. In addition, certain terms of the Note Indenture restrict the Company's ability to pay dividends with respect to the Shares, other than cash dividends which in any one quarter do not exceed $.46 per Share. Accordingly, unless the Independent Directors waive certain restrictive terms of the $9.00 Preferred Shares and certain restrictive covenants of the Note Indenture, the Purchaser may not be able to obtain any additional financing or obtain dividends with respect to the Shares other than regular quarterly cash dividends as set forth above. Further, certain covenants in the indenture relating to the Rights Notes may restrict the payment of any dividends with respect to the Shares following the issuance of Rights Notes. Even if such restrictive covenants and terms are waived, there can be no assurance that Pantry Pride or the Purchaser will be able to obtain such additional funds. The actual period of time following the purchase of Shares pursuant to the Offer during which the Purchaser will be able to continue to pay such dividends and interest will depend upon, among other things, the number of Shares purchased and the cash flow of Pantry Pride. As a result, such period may be less than nine months. Accordingly, if the Purchaser purchases Shares and is not able to effect the Merger within such time, there can be no assurance that the Purchaser will be able to purchase and pay for the remaining Shares. In addition, following the purchase of Shares pursuant to the Offer, depending upon, among other things, the timing of the consummation of the Merger, the amount of the Company's indebtedness, the prices at which any Pantry Pride assets may be sold and the results of operations of Pantry Pride and the Company, Pantry Pride may in the future be required to seek waivers with respect to certain covenants contained in the indentures relating to the Debt Securities.

Following the Merger, the Purchaser expects that it will continue to require funds substantially in excess of the amounts currently generated by the operations of Pantry Pride and the Company in order to pay the interest and dividends on the Pantry Pride Securities and interest on the Pantry Pride Notes and on the borrowings under the Bank Credit. The Purchaser intends to obtain such excess funds from the Company's and Pantry Pride's then available cash and short-term investments, the proceeds of sales of assets of the Company described below, the proceeds of sales of assets of Pantry Pride and, if available, surplus assets obtained from the Revlon, Inc. Employees' Retirement Plan. See Section 11.

Certain Actions Following the Merger. If Pantry Pride obtains control of the Company pursuant to the Offer or otherwise, Pantry Pride presently intends to seek to sell substantially all of the assets of the Company other than the Beauty Group. Certain covenants contained in the Note Indenture, the indenture relating to the Rights Notes and certain covenants in the Company's credit agreements may restrict the Purchaser's ability to effect such sales of assets. See Section 11. Upon completion of the Offer, Pantry Pride intends to conduct a detailed review of the Company as a result of which it may revise its intention as to which assets of the Company it will seek to sell and which assets it will retain. In connection with Pantry Pride's consideration of the acquisition of the Company, Pantry Pride and its financial advisors prepared various analyses of the values which may be realized in such sales, based solely on publicly available information. Pantry Pride and its representatives have contacted a number of potential purchasers regarding such sales and certain of such persons have indicated, on a preliminary basis, that they would be interested in purchasing certain of such assets if they were to be offered for sale. However, neither Pantry Pride nor the Purchaser has entered into any agreements or obtained any commitments regarding any such sales. Pantry Pride intends to continue such contacts and may enter into binding commitments with respect to such sales. Based on the analyses and the results of contacts with possible purchasers of the assets of the Company, Pantry Pride believes that it may be able to realize from $1,675 million to $1,900 million from the sale of substantially all the assets of the Company other than the Beauty Group. Such amounts do not give any effect to any taxes which may be due, or any indebtedness of the Company which may have to be prepaid, in connection with any such sales. In addition, there can be no assurance that such asset sales can be effected or as to the actual amounts which may be realized from such sales. According to the Company Offer to Purchase, at December 31, 1984 the identifiable assets comprising the Beauty Group were carried on the books of the Company at approximately $839 million and all the Company's assets were carried on the books of the Company at approximately $2,311 million. Such amounts do not give any effect to the liabilities which are associated with such assets. According to the Company Offer to Purchase, the identifiable assets comprising the Beauty Group generated an operating profit of approximately $100 million on sales of approximately $1,102 million for the year ended December 31, 1984 and the consolidated operating profit for the Company as a whole for such period was approximately $298 million on net sales of approximately $2,399 million. Such profits associated with the Company's Beauty Group do not give effect to general corporate expenses, interest expenses, income taxes and, Pantry Pride believes, other unallocated expenses which are associated with such assets. The amounts which may be received by the Purchaser do not give effect to the proposed sale by the Company of approximately $250 million of assets. See Section 11. As a result, the actual amounts received by the Purchaser from sales of the Company's assets may be less than the amounts set forth above. Following consummation of the Merger, Pantry Pride intends to seek to reduce certain general and administrative expenses relating to the operations of the Beauty Group and to consider the possible sale of the Beauty Group's international operations. Further information concerning the Beauty Group and the Company's other assets is contained in the Company Offer to Purchase, which may be obtained in the manner set forth in Section 8. See Section 11 for a description of covenants contained in the Note Indenture, the indenture relating to the Rights Notes and certain restrictive covenants contained in certain of the Company's credit agreements which may restrict the ability of the Purchaser to sell the Company's assets.

Morgan Stanley & Co. Incorporated ("Morgan Stanley") has been retained by Pantry Pride to assist in the planning and execution of the divestitures of the Ethical Pharmaceuticals, Diagnostic, Vision Care, International Beauty and Other (including Norcliff Thayer, Technicon Data Systems and Reheis) business segments of the Company. In return for these services, Morgan Stanley has been paid a fee of $500,000. If Pantry Pride acquires more than 50 percent of the outstanding Shares, Pantry Pride will pay Morgan Stanley an additional $5 million. Morgan Stanley will also be entitled to an additional fee based on the aggregate value of any divestitures of such assets as follows: (i) $1,725 million divested, a fee of $3 million, (ii) $1,875 million divested, a fee of $12 million and (iii) $2,025 million divested, a fee of $24 million. If the aggregate value of the divestitures is within such range of values, the applicable fee will be the weighted average of the next higher and lower fees. In the event that Pantry Pride chooses to divest a group of businesses which is different from the business segments set forth above, or engages in an alternative transaction, Pantry Pride and Morgan Stanley will jointly agree on an alternative to the fee schedule described above. If the divestiture process is not completed within eight months following the date on which Pantry Pride acquires control of the Company then, for the purposes of computing Morgan Stanley's fee, amounts received from divestitures following this eight month period will be discounted at a 14 percent annual rate starting at the close of the eight month period. Pantry Pride has also agreed to reimburse Morgan Stanley for its out-of-pocket expenses and attorney's fees and expenses associated with the transaction and to indemnify Mor-

gan Stanley against certain liabilities. The fee agreement between Morgan Stanley and Pantry Pride may be terminated at will by either party, except that the indemnification provisions will remain in effect.

Drexel Burnham will also provide advice to the Company with respect to any such assets sales. See Section 16.

According to publicly available information, the Revlon, Inc. Employees' Retirement Plan contained as of December 31, 1984 surplus assets of approximately $88 million. Following the Merger, the Purchaser intends to take such action as may be appropriate to cause such surplus assets to revert to the Company. The Purchaser does not believe that such action would interfere with or prejudice any benefits which have accrued under such plan to employees of the Company. The Purchaser presently intends following such actions to establish a new plan that would provide employees with benefits similar to those under the presently existing plan. According to the Company 14D-9, the Company's Board of Directors has directed management to take such steps as are necessary to ensure that the assets of such plan are not diverted by Pantry Pride. However, Pantry Pride is not at this time aware of any actions that have been implemented that would prevent Pantry Pride from obtaining such surplus assets.

Other. If the Merger is consummated, stockholders of the Company may have certain rights under Delaware law to dissent and demand appraisal of, and payment in cash of the fair value of, their shares. Such rights, if the statutory procedures were complied with, could lead to a judicial determination of the fair value (excluding any element of value arising from the accomplishment or expectation of the Merger) required to be paid in cash to such dissenting holders for their shares. Any such judicial determination of the fair value of shares could be based upon considerations other than or in addition to the price paid in the Offer or the market value of the shares, including asset values and the investment value of the shares. The value so determined could be more or less than the purchase price per Share pursuant to the Offer or the consideration per share to be paid in the Merger.

In addition, several recent decisions by Delaware courts have held that, in certain instances, a controlling stockholder of a corporation involved in a merger has a fiduciary duty to the other stockholders that requires the merger to be fair to such other stockholders. In determining whether a merger is fair to minority stockholders, the Delaware courts have considered, among other things, the type and amount of consideration to be received by the stockholders and whether there were fair dealings among the parties. The Delaware Supreme Court indicated in *Weinberger v. UOP, Inc.* that in most cases the remedy available in a merger that is found not to be "fair" to minority stockholders is the right to appraisal described above or a damages remedy based on essentially the same principles.

The Merger would have to comply with any applicable federal law operative at the time. Rule 13e-3 under the Exchange Act is applicable to certain "going private" transactions. Rule 13e-3 may be applicable to the Merger. Rule 13e-3 requires, among other things, that certain financial information concerning the Company, and certain information relating to the fairness of the proposed transaction and the consideration offered to minority stockholders in such transaction, be filed with the Commission and disclosed to minority stockholders prior to consummation of the transaction.

The exact timing and details of the Merger will depend upon a variety of factors and legal requirements and the number of Shares acquired by the Purchaser pursuant to the Offer, and upon the approval of the Company's Board of Directors. Although it is the Purchaser's intention to propose and seek to consummate the Merger, the Purchaser can give no assurance that the Merger will be consummated or as to the timing of the Merger. The Purchaser expressly reserves the right not to propose any merger or similar business combination involving the Company, or to propose a merger or other business combination on terms other than those set forth herein, and its ultimate decision could be affected by information hereafter obtained by the Purchaser, changes in general economic or market conditions or in the business of the Company and other factors. In addition, as described above, unless the Purchaser is able to effect the Merger prior to nine months from the date Shares are first purchased pursuant to the Offer, the Purchaser may not be able to effect the Merger unless the Purchaser is able to obtain additional funds.

In addition, the Purchaser, or an affiliate of the Purchaser, may, following the consummation or termination of the Offer, seek to acquire additional Shares or Preferred Shares through open market purchases, privately negotiated transactions, a tender offer or exchange offer, or otherwise, upon such terms and at such prices as it shall determine, which may be more or less than the prices to be paid pursuant to the Offer. The Purchaser and its affiliates also reserve the right to dispose of any or all shares acquired by them.

Upon the completion of the Offer, Pantry Pride intends to conduct a detailed review of the Company and its assets, corporate structure, dividend policy, capitalization, operations, properties, policies, management and personnel and consider what, if any, changes would be desirable in light of the circumstances which then exist. Such

changes could include, in addition to those described above, changes in the Company's business, corporate structure, certificate of incorporation, by-laws, capitalization, Board of Directors, management or dividend policy.

Except as noted in this Offer to Purchase, the Purchaser has no present plans or proposals that would result in an extraordinary corporate transaction, such as a merger, reorganization, liquidation, relocation of operations, or sale or transfer of assets, involving the Company or any of its subsidiaries, or any material changes in the Company's corporate structure, business or composition of its management or personnel.

13. Dividends and Distributions. If, on or after August 16, 1985, the Company should split, combine or otherwise change the Shares or its capitalization, then, without prejudice to the Purchaser's right under Section 14 hereof, the Purchaser, in its sole discretion, may make such adjustments in the purchase price and other terms of the Offer as it deems appropriate, including, without limitation, the number and type of securities offered to be purchased.

If, on or after August 16, 1985, the Company should declare or pay any dividend on its shares (other than regular quarterly cash dividends not in excess of $.46 per Share, $2.25 per $9.00 Preferred Share and $.4875 per Series A Preferred Share) or any distribution (including, without limitation, the Rights, the issuance of additional shares pursuant to a stock dividend or stock split or the issuance of rights to acquire any property), with respect to the Shares, that is payable or distributable to stockholders of record on a date prior to the transfer to the name of the Purchaser or its nominee or transferee on the Company's stock transfer records of the Shares purchased pursuant to the Offer, then, without prejudice to the Purchaser's rights hereunder (i) the purchase price per Share payable by the Purchaser pursuant to the Offer will be reduced to the extent any such dividend or distribution is payable in cash or in Shares and (ii) any other dividend, distribution or right, including the Rights, received and held by the tendering stockholder for the account of the Purchaser will be required to be promptly remitted and transferred by the tendering stockholder to the Depositary for the account of the Purchaser, accompanied by appropriate documentation of transfer. Pending such remittance, the Purchaser will be entitled to all rights and privileges as owner of any such other or additional non-cash dividend, distribution or right and may withhold the entire purchase price or deduct from the purchase price the amount or value thereof, as determined by the Purchaser in its sole discretion.

14. Certain Conditions of the Offer. Notwithstanding any other provision of the Offer, the Purchaser shall not be required to accept for payment, purchase or pay for any Shares tendered, and may terminate or amend the Offer and may postpone the purchase of, and payment for, Shares, if (a) the Purchaser shall not have obtained sufficient financing to enable it to purchase all Fully Diluted Shares (see Section 10), (b) 90 percent of the Shares outstanding on the date of purchase shall not have been validly tendered pursuant to the Offer and not withdrawn or (c) on or after August 16, 1985 and at or before the time of payment for any such Shares (whether or not any Shares have theretofore been accepted for payment or paid for pursuant to the Offer) any of the following shall occur:

(a) any change (or any condition, event or development involving a prospective change) shall have occurred or been threatened in the business, properties, assets, liabilities, capitalization, stockholders' equity, financial condition, operations, licenses or franchises, results of operations or prospects of the Company or any of its subsidiaries, which, in the sole judgment of the Purchaser, is or may be materially adverse to the Company and its subsidiaries taken as a whole or the Purchaser shall have become aware of any fact which, in the sole judgment of the Purchaser, is or may be materially adverse with respect to the value of the Company and its subsidiaries taken as a whole or the value of the Shares to the Purchaser, provided that the conditions set forth in this paragraph (a) shall not be considered violated due to (1) the announcement and consummation of the Company Offer, including the issuance of up to $475 million principal amount of Notes and up to one million $9.00 Preferred Shares, provided that the Purchaser's obligations are conditioned upon there not being any amendment to the terms of the Company Offer, the Note Indenture or the $9.00 Preferred Shares which was not publicly disclosed by the Company on or before September 10, 1985 or (2) the issuance of the Rights or the Rights Notes, provided that the Purchaser's obligations are conditioned upon there not being any amendment to the Rights or the Rights Notes which was not publicly disclosed by the Company on or before September 10, 1985; or

(b) there shall have occurred (i) any general suspension of trading in, or limitation on prices for, securities on the NYSE, (ii) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, (iii) a commencement of a war, armed hostilities or other national or international calamity directly or indirectly involving the United States, (iv) any limitation (whether or not mandatory) by any governmental authority on, or any other event which, in the sole judgment of the Purchaser, might af-

fect, the extension of credit by banks or other financial institutions, (v) a material change in United States or any other currency exchange rates or a suspension of, or limitation on, the markets therefor or (vi) in the case of any of the foregoing existing at the time of the commencement of the Offer, in the sole judgment of the Purchaser, a material acceleration or worsening thereof; or

(c) the Company or any subsidiary shall have (i) issued, distributed or sold, or authorized, proposed or announced the issuance, distribution or sale of (A) any shares of capital stock of any class (including without limitation the Shares), or securities convertible into any such shares of capital stock, or any rights, warrants or options to acquire any such shares or convertible securities, other than Shares issued or sold upon the exercise or conversion (in accordance with the present terms thereof) of employee stock options, Series A Preferred Shares and Debentures, outstanding on August 16, 1985, or the one million $9.00 Preferred Shares issuable as a result of the Company Offer to Purchase, or (B) any other securities in respect of, in lieu of, or in substitution for Shares outstanding on the date hereof, (ii) purchased or otherwise acquired, or, proposed or offered to purchase or otherwise acquire, any outstanding Shares or other securities, (iii) declared or paid any dividend or distribution on any Shares or Preferred Shares (other than regular quarterly cash dividends not in excess of $.46 per Share, $.4875 per Series A Preferred Share or $2.25 per $9.00 Preferred Share) or issued, authorized, recommended or proposed the issuance of, any other distribution in respect of the Shares or Preferred Shares, whether payable in cash, securities or other property or altered or proposed to alter any material term of any outstanding security, (iv) authorized, recommended, proposed or publicly announced its intention to enter into or effect (A) any merger, consolidation, liquidation, dissolution, business combination, acquisition of assets or securities, or, except for the proposal to sell approximately $250 million of assets referred to in the Company Offer (but not excepting any sale pursuant to such proposal), disposition of assets or securities or any agreement contemplating any of the foregoing or any comparable events other than in the ordinary course of business, (B) any material change in its capitalization or (C) any release or relinquishment of any material contract rights or any comparable event not in the ordinary course of business, (v) taken any action to implement any such transaction previously authorized, recommended, proposed or publicly announced, (vi) authorized, recommended or proposed or announced its intention to authorize, recommend or propose any transaction which could adversely affect the value of the Shares or (vii) proposed, adopted or authorized any amendment to its certificate of incorporation or by-laws or similar organizational documents or the Purchaser shall have learned that the Company or any of its subsidiaries shall have proposed or adopted any such amendment which shall not have been previously disclosed, provided that the conditions set forth in this paragraph (c) shall not be considered violated due to (1) the announcement and consummation of the Company Offer, including the issuance of up to $475 million principal amount of Notes and up to one million $9.00 Preferred Shares, provided that the Purchaser's obligations are conditioned upon there not being any amendment to the terms of the Company Offer, the Note Indenture or the $9.00 Certificate which was not publicly disclosed by the Company on or before September 10, 1985 or (2) the issuance of the Rights or the Rights Notes, provided that the Purchaser's obligations are conditioned upon there not being any amendment to the Rights or the Rights Notes which was not publicly disclosed by the Company on or before September 10, 1985; or

(d) a tender or exchange offer for any shares of capital stock of the Company or Pantry Pride shall have been made or publicly proposed to be made by another person, other than the Company Offer in accordance with the terms publicly disclosed on or before September 10, 1985, or it shall have been publicly disclosed or the Purchaser shall have learned that (i) any person, entity or "group" (as that term is used in Section 13(d)(3) of the Exchange Act) shall have acquired, or proposed to acquire, more than five percent of any class or series of capital stock of the Company (including the Shares) or Pantry Pride, or shall have been granted any option or right, conditional or otherwise, to acquire more than five percent of any class or series of capital stock of the Company (including the Shares) or Pantry Pride, other than acquisitions for bona fide arbitrage purposes and other than acquisitions by any person, entity or group which has publicly disclosed such ownership in a Schedule 13D or 13G (or an amendment thereto) on file with the Commission on or prior to August 16, 1985, (ii) any such person, entity or group which has publicly disclosed such ownership prior to such date shall have acquired or proposed to acquire more than one percent of any class or series of capital stock of the Company (including the Shares) or Pantry Pride or shall have been granted any option or right to acquire more than one percent of any class or series of capital stock of the Company (including the Shares) or Pantry Pride, (iii) any new group shall have been formed which beneficially owns more than five percent of any class or series of capital stock of the Company (including the Shares) or Pantry Pride, (iv) any person, entity or group shall have entered into a definitive agreement or an agreement in principle or made a proposal

with respect to a tender offer or exchange offer for any shares of capital stock of the Company or Pantry Pride or a merger, consolidation or other business combination with or involving the Company or Pantry Pride or (v) any person shall have filed a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act") or made a public announcement reflecting an intent to acquire the Company or Pantry Pride or assets or securities of the Company or Pantry Pride; or

(e) the Company, and Pantry Pride or the Purchaser, shall have reached an agreement or understanding that the Offer be terminated or amended; or

(f) there shall have been any action taken, or any statute, rule, regulation, judgment, order or injunction proposed, sought, promulgated, enacted, entered, enforced or deemed applicable to the Offer, by any state, federal or foreign government or governmental authority or by any court, domestic or foreign, that, in the sole judgment of the Purchaser, might (i) make the acceptance for payment of, the payment for, or the purchase of, some or all of the Shares illegal or otherwise restrict or prohibit consummation of the Offer, (ii) result in the delay in or restrict the ability of the Purchaser, or render the Purchaser unable, to accept for payment, pay for or purchase some or all of the Shares, (iii) require the divestiture by Pantry Pride, the Purchaser or the Company or any of their respective subsidiaries or affiliates of all or any portion of the business, assets or property of any of them or any Shares, or impose any limitation on the ability of any of them to conduct their business and own such assets, properties and Shares, (iv) impose material limitations on the ability of Pantry Pride or the Purchaser to acquire or hold or to exercise effectively all rights of ownership of the Shares, including the right to vote any Shares purchased by either of them on all matters properly presented to the stockholders of the Company, (v) impose any limitations on the ability of Pantry Pride, the Purchaser or any of their respective subsidiaries or affiliates effectively to control in any material respect the business or operations of the Company, Pantry Pride, the Purchaser or any of their respective subsidiaries or affiliates, (vi) adversely affect the financing of the Offer or the transactions contemplated thereby, (vii) otherwise adversely affect Pantry Pride, the Purchaser or the Company or any of their respective subsidiaries or affiliates or (viii) result in a material limitation in the benefits expected to be derived by Pantry Pride or the Purchaser as a result of the transactions contemplated by the Offer; or

(g) except for the currently pending litigation described in Section 11, there shall be threatened, instituted or pending any action or proceeding by or before any court or governmental, administrative or regulatory agency or authority or any other person or tribunal, domestic or foreign, challenging the making of the Offer, the acquisition by Pantry Pride or the Purchaser of any Shares, the Bank Credit or otherwise directly or indirectly relating to the Offer (including the financing described in this Offer to Purchase) or, in the sole judgment of the Purchaser, otherwise adversely affecting the Company, Pantry Pride, the Purchaser or any of their respective subsidiaries or affiliates or the value of the Shares, provided, that in the case of the currently pending litigation described in Section 11 of this Offer to Purchase, there shall be a material adverse development; or

(h) except as may be required by law, the Company or any of its subsidiaries shall have taken any action to terminate or amend any employee benefit plan (as defined in Section 3(2) of the Employment Retirement Income Security Act of 1974, as amended) of the Company or any of its subsidiaries, or the Purchaser shall have become aware of any such action which was not previously disclosed in publicly available filings, provided that this condition shall not be deemed violated by the Company's public announcement with respect to its plan stated in the Company 14D-9 to amend the Revlon, Inc. Employees' Retirement Plan (but not any amendment to such plan);

which, in the sole judgment of the Purchaser, in any such case and regardless of the circumstances (including any action or inaction by Pantry Pride or the Purchaser) giving rise to any such condition, makes it inadvisable to proceed with such acceptance for payment or payment.

The foregoing conditions are for the sole benefit of Pantry Pride and the Purchaser and may be asserted by the Purchaser, or may be waived by the Purchaser, in whole or in part at any time and from time to time in its sole discretion. The failure by the Purchaser at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time. Any determination by the Purchaser concerning the events described in this Section 14 will be final and binding upon all parties.

15. Certain Legal Matters.

General. Except as set forth in this Section 15, based on its examination of publicly available filings by the Company with the Commission and other publicly available information concerning the Company, the Purchaser is not aware of any license or regulatory permit that appears to be material to the business of the Company that is likely to be adversely affected by the Purchaser's acquisition of Shares pursuant to the Offer or, except as set forth below, of any approval or any other action by any domestic or foreign governmental or administrative authority that would be required prior to the acquisition of Shares by the Purchaser pursuant to the Offer. Should any such approval or other action be required, it is presently contemplated that such approval or action would be sought. There is, however, no present intent to delay the purchase of Shares tendered pursuant to the Offer pending the outcome of any such matter. There can be no assurance that any such approval or other action, if needed, would be obtained without substantial conditions or that adverse consequences might not result to the Company's business or that certain parts of the Company's business might not have to be disposed of in the event that such approvals were not obtained or such other actions were not taken. The Purchaser's obligation under the Offer to purchase Shares is subject to certain conditions. See Section 14.

State Takeover Laws. Various states have adopted laws and regulations purporting to various degrees to apply to offers to acquire securities of corporations which are incorporated or have substantial assets, stockholders and/or a principal place of business therein. To the extent that certain provisons of these state takeover statutes purport to apply to the Offer, the Purchaser believes that such statutes and regulations are unconstitutional. In this regard, it should be noted that the Supreme Court of the United States in *Edgar v. MITE Corporation* held that the Illinois Business Takeover Act is unconstitutional. The Offer is being made without compliance by the Purchaser with certain state takeover statutes that may purport to apply to the Offer.

Should the Company, any government agency or official or any other person seek to apply any such statute to the Offer, the Purchaser will take such action as then appears desirable and currently anticipates that it will contest the validity of such statutes and the application of such statutes to the Offer in appropriate judicial or administrative proceedings. In the event it is asserted that one or more state takeover laws is applicable to the Offer and an appropriate court does not determine that it is inapplicable or invalid as applied to the Offer, the Purchaser may be required to file certain information with, or receive approvals from, the relevant state authorities, and the Purchaser may be unable to purchase Shares tendered pursuant to the Offer, or be delayed in consummating the Offer. In such case, the Purchaser may not be obligated to purchase any Shares tendered. See Section 14.

Antitrust. The waiting period applicable to the Offer under the HSR Act has been terminated.

The Antitrust Division of the Department of Justice and the Federal Trade Commission frequently scrutinize the legality under the antitrust laws of transactions such as the acquisition of Shares by Pantry Pride pursuant to the Offer. At any time before or after the consummation of any of such transactions, the Antitrust Divison or the Federal Trade Commission could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the transaction or seeking divestiture of the Shares so acquired or divestiture of substantial assets of Pantry Pride or the Company, or both.

Based upon an examination of publicly available information relating to the businesses within the United States in which both Pantry Pride and the Company are engaged, Pantry Pride believes that the acquisition of Shares pursuant to the Offer would not violate the antitrust laws. There can be no assurance that a challenge to the Offer on antitrust grounds will not be made, or if such a challenge is made, what the result will be. See Section 14 for certain conditions of the Offer, including conditions with respect to litigation and certain governmental actions.

Foreign Approvals. Based upon the Purchaser's examination of publicly available information concerning the Company, it appears that the Company owns property and conducts business in a number of foreign countries. In connection with the acquisition of the Shares pursuant to the Offer, the laws of certain of those foreign countries may require the filing of information with, or the obtaining of the approval of, governmental authorities therein. Such governments may also attempt to impose additional conditions on the Company's operations conducted in such countries. After completion of the Offer, the Purchaser will seek further information regarding the applicability of any such laws and presently intends to take such action as may be required. If any action is taken by any such government which, in the sole judgment of the Purchaser, may have materially adverse significance with respect to the Company or its subsidiaries, the Purchaser will not be obligated to accept any Shares. See Section 14.

16. Fees and Expenses. Drexel Burnham is acting as financial advisor to Pantry Pride and as Dealer Manager in connection with the Offer. Pantry Pride has paid Drexel Burnham $500,000 to act as Dealer Manager in connection with the Offer and has retained Drexel Burnham as its exclusive financial advisor in connection with the acquisition of Shares. If Pantry Pride or the Purchaser acquires at least 50 percent of the Shares or at least 50 percent of the equity interest in the Company or Pantry Pride or the Purchaser consummates the Merger or is able to elect a majority of the Board of Directors of the Company, Drexel Burnham will be paid an additional fee of $5 million. If Drexel Burnham is not to be paid a fee pursuant to the preceding sentence, but Pantry Pride or the Purchaser acquires substantial assets of the Company, Drexel Burnham will be paid a fee equal to one percent of the aggregate value of such assets. If Drexel Burnham is not paid a fee pursuant to either of the preceding sentences, Drexel Burnham will be paid a fee of $1,250,000. Pantry Pride has agreed that if it acquires the Company and disposes of assets, other than in the ordinary course of business, or subsidiaries of the Company and determines to retain a financial advisor in connection therewith, Pantry Pride would retain Drexel Burnham as a financial advisor for any such dispositions. Drexel Burnham's services may be terminated by Drexel Burnham or Pantry Pride at August 14, 1986, or at the end of any extension of the engagement, without liability or any continuing obligation, other than for compensation earned or expense reimbursement and indemnification. Drexel Burnham will also be paid fees in connection with the Pantry Pride Notes. See Sections 10 and 12.

Drexel Burnham has rendered various investment banking and other advisory services to Pantry Pride in the past and is expected to continue to render such services, for which it has received, and it is expected will continue to receive, customary compensation from Pantry Pride. Pantry Pride has also agreed to reimburse Drexel Burnham for its reasonable expenses, including reasonable counsel fees, and to indemnify it against certain liabilities and expenses in connection with the Offer and the placement of the Pantry Pride Notes, including certain liabilities under the federal securities laws.

Pantry Pride has retained D.F. King & Co., Inc. to act as the Information Agent and First Fidelity Bank, N.A., New Jersey as the Depositary in connection with the Offer. The Information Agent and the Depositary each will receive reasonable and customary compensation for their services, will be reimbursed for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities and expenses in connection therewith, including liabilities under the federal securities laws.

The Purchaser will not pay any fees or commissions to any broker or dealer or any person (other than the Dealer Manager) for soliciting tenders of Shares pursuant to the Offer. Brokers, dealers, commercial banks and trust companies and other nominees will be reimbursed by Pantry Pride for customary mailing expenses incurred by them in forwarding material to their customers.

17. Miscellaneous. The Offer is neither being made to, nor will tenders of Shares be accepted from or on behalf of, holders of Shares in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In any jurisdiction the securities, blue sky or other laws of which require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Purchaser by the Dealer Manager or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

No person has been authorized to give any information or make any representation on behalf of Pantry Pride or the Purchaser not contained in this Offer to Purchase or in the Letter of Transmittal and, if given or made, such information or representation must not be relied upon as having been authorized.

The Purchaser has filed with the Commission a Tender Offer Statement on Schedule 14D-1 furnishing certain additional information with respect to the offer. The Company has filed with the Commission a Solicitation/ Recommendation Statement on Schedule 14D-9 with respect to the Offer and an Issuer Tender Offer Statement on Schedule 13E-4 (which includes the Company Offer to Purchase) furnishing certain information with respect to the Company and the Company Offer, including certain pro forma financial information, certain financial forecasts and certain information relating to the Notes and the $9.00 Preferred Shares. Such Schedules and any amendments thereto, including exhibits, may be examined and copies may be obtained from the principal office of the Commission in the manner set forth in Section 8.

NICOLE ACQUISITION COMPANY

SCHEDULE I

DIRECTORS AND EXECUTIVE OFFICERS OF PANTRY PRIDE, MACANDREWS & FORBES AND THE PURCHASER

1. Directors and Executive Officers of Pantry Pride. The name, business address, position with Pantry Pride, present principal occupation or employment and five-year employment history of each of the directors and executive officers of Pantry Pride are set forth below. Unless otherwise indicated below, the business address of each person listed below is MacAndrews & Forbes Group, Incorporated, 36 East 63rd Street, New York, New York 10021. Unless otherwise indicated, each occupation set forth opposite an individual's name refers to employment with Pantry Pride. Each director and executive officer listed below is a citizen of the United States. Directors are identified by an asterisk.

Name and Business Address	Present Principal Occupation or Employment: Material Positions Held During the Past Five Years
Donald C. Carroll* . . . . . CGW Data Services, Inc. 6910 Market St. Upper Darby, Pennsylvania	Chairman and President, CGW Data Services, Inc., since Jan. 1984; Chairman and Chief Executive Officer, Immunicon Corp., since Sept. 1984; Professor of Management, The Wharton School, University of Pennsylvania, since Nov. 1983 (on leave 1983-85); President, AGT Computer Products, Inc., July 1983-Nov. 1983; Dean and Reliance Professor of Management and Private Enterprise, The Wharton School, University of Pennsylvania, for at least five years prior to July 1983. Director of Monsanto Company, Morse Shoe Inc., National Railway Utilization Corp., SEI Corporation, Vestaur Securities, Inc. and MacAndrews & Forbes.
Joseph L. Castle* . . . . . Joseph L. Castle Associates 1 Plymouth Meeting Plymouth Meeting, Pennsylvania	President of Joseph L. Castle Associates (business and financial consultants) for more than the past five years and President of Castle Energy Corp. (oil and gas drilling) (Plymouth Meeting, Pennsylvania) since 1981. Director of Comcast Corporation and Reading Company.
Roger L. Galassini* . . . . . Pantry Pride, Inc. 6500 North Andrews Avenue Fort Lauderdale, Florida	Consultant and Consultant to Pantry Pride Enterprises, Inc. and former President and Chief Operating Officer since June 1985; President and Chief Operating Officer, Aug. 1981-June 1985; Vice Chairman, Dec. 1980-Aug. 1981; Executive Vice President and Chief Administrative Officer, Mar. 1980-Dec. 1980.
Grant C. Gentry* . . . . . 44 Park Lane Park Ridge, Illinois	Former Chairman of the Board and Chief Executive Officer since June 1985; Chairman of the Board and Chief Executive Officer, Jan. 1979-June 1985 and President, Jan. 1979-Dec. 1980. Director of Borman's Inc.
Howard Gittis*	Vice Chairman since July 1985, Vice Chairman of MacAndrews & Forbes since May 1985 and Counsel, Wolf, Block, Schorr and Solis-Cohen (attorneys-at-law) (Philadelphia, Pennsylvania) since July 1985. Partner, Wolf, Block, Schorr and Solis-Cohen for at least five years prior to July 1985. Director of Compact Video, Inc., PNC Financial Corp., Harron Communications Corp., Provident National Bank and MacAndrews & Forbes. Trustee of EQK Realty Investors I.
Henry H. Graham, Jr. . . . . Pantry Pride, Inc. 6500 North Andrews Avenue Fort Lauderdale, Florida	Senior Vice President since May 1984 and Chief Financial Officer since May 1985; Treasurer, May 1984-May 1985; Vice President, Jan. 1983-May 1984; Corporate Controller, 1982-Jan. 1983; Assistant Corporate Controller, 1980-1982.

Name and Business Address	Present Principal Occupation or Employment; Material Positions Held During the Past Five Years
Howard F. Gordon Pantry Pride, Inc. 6500 North Andrews Avenue Fort Lauderdale, Florida	Vice President since Jan. 1983, General Counsel since May 1981 and Secretary since 1975.
Richard E. Halperin	Vice President and Special Counsel to the Chairman of the Board since June 1985. Vice President of MacAndrews & Forbes since Dec. 1984 and Vice President of MacAndrews & Forbes Group, Incorporated since Aug. 1984; Assistant Vice President of MacAndrews and Forbes Group, Incorporated, Feb. 1984-Aug. 1984; Assistant Attorney General and Administrative Assistant to the Attorney General of the State of New York, June 1980-Feb. 1984.
David G. Kay* Drexel Burnham Lambert Incorporated 55 Broad Street New York, New York	Managing Director and Director of Mergers and Acquisitions, Drexel Burnham Lambert Incorporated, (investment banking) and Director of Drexel Burnham Lambert Group Inc., for more than the past five years.
Richard E. Kroon* DLJ Capital Corp. 140 Broadway New York, New York	President and Chief Executive Officer of DLJ Capital Corp. (investment advisor) (New York, New York) and Managing Partner of the Sprout Group (securities investment) for the past five years. Director of DLJ Capital Corp., Fox Meyer Corporation and several privately held companies.
Jewel S. Lafontant* Vedder, Price, Kaufman & Kammholz 115 S. LaSalle Street Chicago, Illinois	Senior partner, Vedder, Price, Kaufman & Kammholz (attorneys-at-law) since Oct. 1983; Senior member of Lafontant, Wilkins, Jones & Ware, P.C., for at least five years prior to Oct. 1983. Director of The Equitable Life Assurance Society of the United States, Mobil Corporation, Transworld Corporation and Trans World Airlines.
Edward J. Landau* Lowenthal, Landau, Fischer & Ziegler, P.C. 250 Park Avenue New York, New York	Partner, Lowenthal, Landau, Fischer & Ziegler, P.C. (attorneys-at-law) for more than the past five years. Director of Capital Market Services Corp. and Pittsburgh Annealing Box Co.
Michael A. McManus, Jr.	Executive Vice President since June 1985; Senior Vice President, Administration and Law, June 1985; Assistant to the President of the United States, June 1983-Mar. 1985; Deputy Assistant to the President of the United States, Apr. 1982-June 1983; Corporate Counsel, Pfizer, Inc., Apr. 1977-Apr. 1982.
Frederick W. McNabb, Jr.	Senior Vice President since July 1985, Senior Vice President and Secretary of MacAndrews & Forbes since Dec. 1984, and Senior Vice President, General Counsel, and Secretary of MacAndrews & Forbes Group, Incorporated since July 1984; Vice President, General Counsel and Secretary of MacAndrews & Forbes Group, Incorporated, May 1981-July 1984; Vice President, General Counsel and Secretary, GAF Corporation for at least five years prior to Apr. 1981.

Name and Business Address	Present Principal Occupation or Employment; Material Positions Held During the Past Five Years
Ronald O. Perelman*	Chairman of the Board and Chief Executive Officer since June 1985 and Chairman of the Board and Chief Executive Officer of MacAndrews & Forbes since August 1983; Chairman of the Board and Chief Executive Officer of MacAndrews & Forbes Group, Incorporated since Oct. 1980; Co-Chief Executive Officer of MacAndrews & Forbes Group, Incorporated, Apr. 1980-Oct. 1980.
Pierre A. Rinfret* Rinfret Associates, Inc. 641 Lexington Avenue New York, New York	President and Chief Executive Officer of Rinfret Associates, Inc. (economic and financial intelligence consultants) for more than the past five years. Director of Brunswick Corp., Genesco, Inc., International Foundation of Employee Benefit Plans and MacAndrews & Forbes.
Bruce Slovin*	President since June 1985 and President of MacAndrews & Forbes since Mar. 1984; Vice Chairman of MacAndrews & Forbes, Sept. 1980-Mar. 1981; Senior Vice President, Hanson Industries Inc. prior to Sept. 1980. Director of Oak Hill Sportswear Corporation, Four Star International, Inc., Gulf Resources & Chemical Corporation, Moore Medical Corp. and MacAndrews & Forbes.
Fred R. Sullivan* Kidde, Inc. Park 80 West Plaza 2, Box 5555 Saddlebrook, New Jersey	Chairman of the Board and President of Kidde, Inc. (manufacturer of diversified products) for the past 5 years. Director of Becton, Dickinson and Company, Chromalloy American Corp., City Investing Company, Mass-Mutual Corporate Investors, Inc., Midlantic Banks, Inc., Richton International Corporation, Sun Chemical Corporation, Supermarkets General Corporation, Tyler Corporation and MacAndrews & Forbes.
Fred L. Tepperman*	Office of the Chairman, Chairman of Finance Committee since June 1985 and Executive Vice President and Chief Financial Officer of MacAndrews & Forbes since June 1984; Chief Financial Officer of Warner Communications Inc., Oct. 1981-Jan. 1984; Senior partner of Arthur Young & Company for more than five years prior to Oct. 1981. Director of MacAndrews & Forbes.
Carl T. Tsang	Senior Vice President and Treasurer since June 1985, Vice President and Controller of MacAndrews & Forbes since Dec. 1984, Vice President of MacAndrews & Forbes Group, Incorporated since May 1982, and Controller, MacAndrews & Forbes Group, Incorporated since May 1981. Audit Manager, Coopers & Lybrand for at least five years prior to May 1981.

2. Directors and Executive Officers of MacAndrews & Forbes. The name, business address, position with MacAndrews & Forbes, present principal occupation or employment and five-year employment history of each of the directors and executive officers of MacAndrews & Forbes are set forth below. Unless otherwise indicated below, the business address of each person listed is MacAndrews & Forbes Group, Incorporated, 36 East 63rd Street, New York, New York 10021. Unless otherwise indicated, each occupation set forth opposite an individual's name refers to employment with MacAndrews & Forbes. Each director and executive officer listed below is a citizen of the Unites States. Directors are identified by an asterisk.

Name and Business Address	Present Principal Occupation or Employment; Material Positions Held During the Past Five Years
Donald C. Carroll* . . . . . The Wharton School University of Pennsylvania Philadelphia, Pennsylvania	See part 1 of this Schedule I.
Donald G. Drapkin* . . . . . Skadden, Arps, Slate, Meagher & Flom 919 Third Avenue New York, New York	Partner, Skadden, Arps, Slate, Meagher & Flom (attorneys-at-law) for more than the past five years.
Donald A. Engel*	Consultant to Drexel Burnham Lambert Incorporated (investment banking) (New York, New York) since Jan. 1984 and Managing Director of Drexel Burnham Lambert Incorporated for at least five years prior to August 1984. Director of APL Corp., Compact Video, Inc., Evans Products, Four Star International, Inc., Grossman's, National Propane Corp. and Triangle Industries.
Joseph A. Fischer* . . . . . Four Star International, Inc. 931 North Cole Avenue Hollywood, California	Chairman of the Board and Chief Executive Officer of Four Star International, Inc. (film distribution) since Mar. 1984; self-employed, Sept. 1983-Mar. 1984; Executive Vice President of Metro Goldwyn Mayer Film Co. and President of United Artists Corporation, 1981-Sept. 1983; Executive Vice President of Columbia Pictures Industries, 1978-1981. Director of Compact Video, Inc.
Norman J. Ginstling	Vice President and Director of Taxes since Dec. 1984; Partner, Deloitte, Haskins and Sells (accountants), Dec. 1980-Dec. 1983; Partner, Price Waterhouse & Co. prior to Dec. 1980.
Howard Gittis*	See part 1 of this Schedule I.
Richard E. Halperin	See part 1 of this Schedule I.
Meyer Laskin*	Executive Vice President of MacAndrews & Forbes Group, Incorporated for more than the past five years.
Frederick W. McNabb, Jr.	See part 1 of this Schedule I.
Ronald O. Perelman*	See part 1 of this Schedule I.
Simon H. Rifkind*(1) . . . . . Paul, Weiss, Rifkind, Wharton & Garrison 345 Park Avenue New York, New York	Partner, Paul, Weiss, Rifkind, Wharton & Garrison (attorneys-at-law) for more than the past five years. Director of Revlon, Inc. and Sterling National Bank and Trust Company of New York.
Pierre A. Rinfret* . . . . . Rinfret Associates, Inc. 641 Lexington Avenue New York, New York	See part 1 of this Schedule I.

(1) Mr. Rifkind resigned from the Board of Directors of MacAndrews & Forbes effective August 19, 1985.

Name and Business Address	Present Principal Occupation or Employment; Material Positions Held During the Past Five Years
Arthur N. Ryan*	Vice Chairman of the Board of Technicolor, Inc. since 1983 and Chairman of the Board and Chief Executive Officer of Compact Video, Inc.; President and Chief Operating Officer of Technicolor, Inc. 1976-1983. Director of Four Star International, Inc. and Compact Video, Inc.
Morton Simkins* Simkins Corporation 282 N. Second Avenue Philadelphia, Pennsylvania	President of Simkins Corporation (manufacturer of paper boxes) since Mar. 1984; Executive Vice President of Simkins Corp. for more than five years prior to Mar. 1984; Treasurer and a director of Simkins Corporation for more than the past five years.
Bruce Slovin*	See part 1 of this Schedule I.
Fred R. Sullivan* Kidde, Inc. Park 80 West Plaza 2, Box 5555 Saddlebrook, New Jersey	See part 1 of this Schedule I.
Fred L. Tepperman*	See part 1 of this Schedule I.
Carl T. Tsang	See part 1 of this Schedule I.

3. Directors and Executive Officers of the Purchaser. Set forth below is the name and position with the Purchaser or of each director and executive officer of the Purchaser. The principal occupation or employment and citizenship of each such person is set forth in part 1 or part 2 of this Schedule I. Directors are identified by an asterisk.

Name	Position with the Purchaser
Ronald O. Perelman*	Chairman of the Board and Chief Executive Officer
Howard Gittis*	Vice Chairman
Bruce Slovin*	President
Fred L. Tepperman	Executive Vice President and Chief Financial Officer
Frederick W. McNabb, Jr.	Senior Vice President and Secretary
Carl T. Tsang	Vice President and Controller

Facsimile copies of the Letter of Transmittal will be accepted. The Letter of Transmittal, certificates for Shares and any other required documents should be sent by each stockholder of the Company or his broker, dealer, commercial bank, trust company or other nominee to the Depositary at one of the addresses set forth below.

The Depositary:

FIRST FIDELITY BANK, N.A., NEW JERSEY

By Mail:	*By Facsimile:*	*By Hand:*
First Fidelity Bank, N.A., New Jersey P.O. Box 1380 Newark, New Jersey 07101	(201) 430-4762 or (201) 430-4512 *Telex No.:* 138882	First Fidelity Bank, N.A., New Jersey Stock Transfer Department 10 Bank Street, 3rd Floor Newark, New Jersey 07101

Any questions or requests for assistance or additional copies of this Offer to Purchase, the Letter of Transmittal or the Notice of Guaranteed Delivery may be directed to the Information Agent or the Dealer Manager at their respective telephone numbers and locations listed below. You may also contact your broker, dealer, commercial bank or trust company for assistance concerning the Offer.

The Information Agent:

D.F. KING & CO., INC.

One North LaSalle Street	60 Broad Street	9841 Airport Boulevard
Chicago, Illinois 60602	New York, New York 10004	Los Angeles, California 90045
(312) 236-5881 (Collect)	(212) 269-5550 (Collect)	(213) 215-3860 (Collect)

or

Call toll free (800) 223-3604, except in
New York call toll free (800) 522-5001

The Dealer Manager for the Offer is:

Drexel Burnham Lambert
INCORPORATED

55 Broad Street
New York, New York 10004
(212) 480-8311