

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE  
IN AND FOR NEW CASTLE COUNTY

MACANDREWS & FORBES HOLDINGS, INC.,  
a Delaware corporation,

Plaintiff,

vs.

REVLON, INC, a Delaware corporation,  
MICHEL C. BERGERAC, SIMON ALDEWERELD,  
SANDER P. ALEXANDER, JAY I. BENNETT,  
IRVING J. BOTTNER, JACOB BURNS,  
LEWIS L. GLUCKSMAN, JOHN LOUDON,  
AILEEN MEHLE, SAMUEL L. SIMMONS,  
IAN R. WILSON, PAUL P. WOOLARD,  
EZRA K. ZILKHA, FORSTMANN LITTLE &  
CO., a New York limited partnership,  
and FORSTMANN LITTLE & CO.  
SUBORDINATED DEBT AND EQUITY  
MANAGEMENT BUYOUT PARTNERSHIP-II,  
a New York limited partnership,

Defendants.

Civil Action No. 8126

AFFIDAVIT OF RONALD O. PERELMAN

STATE OF NEW YORK )  
 ) ss.:  
COUNTY OF NEW YORK )

RONALD O. PERELMAN, being duly sworn, deposes and  
says:

1. I am Chairman of the Board and Chief Executive  
Officer of MacAndrews & Forbes Holdings, Inc. ("MacAndrews") and  
Pantry Pride, Inc. ("Pantry Pride"). MacAndrews controls Pantry  
Pride, a bidder for control of Revlon, Inc. ("Revlon"). I have

been actively involved in Pantry Pride's tender offers for Revlon and am familiar with MacAndrews' efforts to seek to negotiate with Revlon and its representatives.

2. I make this affidavit in support of MacAndrews' pending motion for a preliminary injunction.

3. Since at least as early as August 14, 1985, when Pantry Pride's Board of Directors authorized the making of an offer to acquire Revlon, Pantry Pride representatives have made continued efforts to attempt to negotiate with Revlon to conclude a friendly acquisition. However, Mr. Lipton, counsel to Revlon, even before our first bid became known, told my counsel, Donald Drapkin, that Pantry Pride would never acquire Revlon and Mr. Michel C. Bergerac, Chairman of the Board, President and Chief Executive Officer of Revlon, told me that he would never permit, under any circumstances, Pantry Pride to acquire Revlon. Specific examples of Pantry Pride's efforts and Revlon's unwillingness to negotiate follow.

4. On September 27, 1985, I wrote to Mr. Bergerac, informing him, among other things, of Pantry Pride's willingness to meet with Revlon and its representatives to negotiate the acquisition of Revlon by Pantry Pride. I received no response to my letter. A copy of my September 27 letter is attached as exhibit A hereto.

5. On October 1, 1985, I again wrote to Mr. Bergerac in an effort to begin negotiations. Again, I received no response to my letter. A copy of my October 1 letter is attached as exhibit B hereto.

6. On Wednesday, October 2, 1985, at a time prior to the amendment of Pantry Pride's tender offer price to \$56.25, I telephoned Arthur Liman, Esq. of Paul, Weiss, Rifkind, Wharton & Garrison, counsel to Revlon, to remind him of our willingness to negotiate and to seek a status report on the Revlon board's consideration of our offer. Mr. Liman assured me that he had and would continue to advise Revlon that the bidding for Revlon would be open and unfettered, and that any bidder would have to demonstrate that it was adequately financed. He assured me that our financing was considered to be solid. He also told me that Revlon would not grant lock-up agreements to any bidder, but would permit the market to determine the outcome of any competing bids.

7. Joseph Flom, Esq. of Skadden, Arps, Slate, Meagher & Flom has also informed me that he spoke to Mr. Liman on Thursday, October 10, 1985 concerning the same subject. Mr. Liman reaffirmed to Mr. Flom that Revlon would not grant a lock-up to any bidder and that the market would be permitted to determine the outcome of any competing bids.

8. I spoke to Mr. Liman and Judge Rifkind a number of other times prior to Revlon's October 12 board meeting at which the board granted a lock-up option to Forstmann Little & Co. ("Forstmann Little") at a grossly inadequate price. In an effort to deter further bids by Pantry Pride, they indicated to me their concern that Pantry Pride was overpaying for Revlon and that they were worried that Pantry Pride would be financially harmed at these price levels. Despite these self-serving warnings, I informed them that I was comfortable with our pricing as I considered Pantry Pride to be the most suitable buyer for Revlon and I reiterated my desire to acquire Revlon at a fair price.

9. On October 7, 1985, Pantry Pride announced that it was increasing its tender offer for all Revlon common shares to \$56.25 per share in cash. The amended offer is not conditioned on any minimum number of shares being tendered and is not subject to any financing condition. At the same time, Pantry Pride announced that it was filing an amended complaint in this action challenging, among other things, the Revlon Note Purchase Rights Plan, a \$25 million break-up fee payable to Forstmann Little under certain circumstances and certain "golden parachute" payments. Pantry Pride announced that it intends to hold in trust for Revlon's stockholders any net after-tax savings as a result of the \$25 million payment to Forstmann Little being enjoined or

as a result of any settlement with Forstmann Little with respect to such fee.

10. On October 9, 1985, I again wrote to Mr. Bergerac in an effort to begin negotiations. I offered to meet with Mr. Bergerac and to make any submissions as required by Revlon's board. A copy of my October 9 letter is attached as exhibit C hereto.

11. On Wednesday night, October 9, 1985, I participated in a series of meetings at Revlon's office arranged as a result of a telephone call to me from Arthur Liman, Esq. of Paul, Weiss, Rifkind, Wharton and Garrison (counsel to Revlon). Mr. Liman proposed a resolution to the controversy. He proposed that Pantry Pride be permitted to acquire control of Revlon after agreeing to sell the Vision Care and National Health Laboratories segments of Revlon's business to Forstmann Little for \$530 million, without Pantry Pride having been provided access to 1985 results for those segments. Under Mr. Liman's proposal, if Pantry Pride did not agree that \$530 million was a fair price for those assets after reviewing 1985 results, Pantry Pride would be required to abandon the deal and receive the break-up fee of \$25 million that had been offered to Forstmann Little pursuant to its merger agreement with Revlon announced on October 3.

12. We rejected Mr. Liman's proposal because our only interest was in an acquisition of Revlon and possible sales of certain of its assets at fair prices, not in a \$25 million payment to withdraw.

13. It is now apparent to me that Revlon, Forstmann Little, and their representatives were trying to perpetrate a fraud on Pantry Pride in connection with their desired purchase of Revlon's Vision Care and National Health Laboratories segments for prices substantially less than the \$600 - 700 million value put on the segments by Lazard Freres & Co., Revlon's own investment advisor. In various meetings, representatives of Forstmann Little made repeated settlement offers to me for the purchase of those segments at prices starting at \$475 million, all on the condition that Pantry Pride not be given access to the same 1985 earnings information for those segments that Forstmann Little had been given. We now have reason to believe that these 1985 earnings for those segments are substantially in excess of 1984 earnings. It is clear that they were trying to obtain, at a ridiculously low price, an asset in which management was intended to share 25%. They have now gotten the board of Revlon to grant them the same unconscionable asset sale they couldn't achieve through subterfuge from Pantry Pride.

14. Contrary to statements made by Theodore Forstmann of Forstmann Little reflected in the minutes of the October 12, 1985 Revlon board meeting, the only reason we made no deal with Forstmann Little was because we would not sell assets to them at a cheap price. Also, contrary to assertions in the minutes, all negotiations were conducted with the full knowledge and participation of Revlon's management who, of course, had a vital interest in their outcome.

15. On various occasions, I have indicated that Pantry Pride stands ready to top any bid for Revlon by Forstmann Little because Pantry Price is the best buyer for Revlon due to Pantry Pride's unique circumstances. Pantry Pride has in excess of \$350 million in net operating loss carryforwards. Forstmann Little, on the other hand, has higher return requirements for its investors and Forstmann Little was giving a substantial 25% equity participation to Revlon's management both of which limited its ability to pay a price for Revlon equal to or greater than Pantry Pride's. Since Revlon refused to give us the same access to non-public financial information as was given to Forstmann Little, which would have enabled us to make an informed judgment of Revlon's value, we have been forced to assume that we could always pay more for Revlon than Forstmann Little due to our special situation. Both Mr. Forstmann and Mr. Bergerac told me that they would never allow us to have access to the



same financial information that they had, because that was their real advantage over Pantry Pride.

16. I have read the Affidavit of Felix G. Rohatyn filed on behalf of the defendants on October 17, 1985. While I differ with statements made in various parts of Mr. Rohatyn's affidavit, I only comment on his paragraph 12. As I believe Revlon was aware -- or certainly could have been aware had its representatives asked -- Pantry Pride has never had any intention of, or given any consideration to, lowering its \$56.25 offering price for any and all shares of Revlon common stock. Withdrawal rights under Pantry Pride's pending tender offer have expired and Pantry Pride intends to purchase shares immediately if this Court grants the relief we seek. Nor could Revlon have had a reasonable belief that Pantry Pride would not have complete financing for its tender offer, in view of Drexel Burnham Lambert Incorporated's "highly confident" letter. In fact, senior Revlon advisors conceded in conversations with our counsel Joseph Flom, Esq. and me that they and the board knew that Pantry Pride's offer was "money good." Pantry Pride's financing is now fully in place and Pantry Pride stands able to buy shares under its tender offer. As to the treatment of Revlon's noteholders from the recent exchange offer, Mr. Drapkin informed Mr. Lipton on October 10, 1985 that Pantry Pride would negotiate a satisfactory resolution of the issue.





17. Pantry Pride believes that certain portions of the notes were and are illegal. Nevertheless, Pantry Pride is prepared to make an exchange offer equal to that proposed by Forstmann Little or to consider a cash tender offer for such notes at par. In either instance, of course, the noteholders will be in the same or a better economic position as they would be under the Forstmann proposal.

Ronald O. Perelman  
Ronald O. Perelman

SWORN TO AND SUBSCRIBED  
before me this 17 day of  
October, 1985.

Terry Charles  
Notary Public

TERRY CHARLES  
Notary Public, State of New York  
No. 31-4725715  
Qualified in New York County  
Commission Expires March 30, 1986

# NEWS

PANTRY PRIDE, INC.  
INVESTOR RELATIONS  
6500 N. Andrews Avenue  
Fort Lauderdale, Florida 33309  
Phone (305) 771-8300

FT. LAUDERDALE, FLORIDA, September 27, 1985 -- The following letter was sent today to Michel C. Bergac, Chairman and CEO of Revlon Inc. by Ronald O. Perelman, Chairman and CEO of Pantry Pride, Inc.

Dear Michel:

As you know, we have always been interested in a negotiated transaction. Unfortunately, you have been unwilling to negotiate with us.

Despite this fact and all the events of the last month, we remain convinced that a mutually agreed upon transaction is in the best interests of the stockholders of Revlon and Pantry Pride. To accomplish that result, we are prepared to enter into a merger agreement whereby all Revlon shareholders would receive \$50 in cash for each of their common shares.

Our proposal requires that Revlon's Board redeem the "poison pill" rights, waive the covenants relating to sales of assets, incurrence of debt and restricted payments contained in the notes issued in Revlon's exchange offer and waive the covenant relating to the ratio of debt to capitalization contained in the preferred stock issued in the exchange offer.

As you must know, any third party offer would ask that you take such action. Under these circumstances, our proposed transaction would not be subject to a financing condition.

We will be pleased to meet with you or your financial advisers at any time to satisfy you and your advisers as to our financing for this transaction.

We await your prompt response.

Sincerely,

Ronald

# Pantry Pride, Inc.

October 1, 1985

Mr. Michel Bergerac  
Chairman, President and  
Chief Executive Officer  
Revlon, Inc.  
767 Fifth Avenue  
New York, New York 10153

Dear Michel:

We understand that your Board of Directors is meeting tonight to consider action on our previous proposal as well as possibly proposals by others.

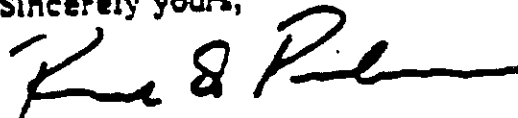
Please be advised that we are prepared to raise our offer for a cash merger to \$53.00 per share on the same terms and conditions as were contained in our previous \$50.00 merger offer.

As you know we have the financial resources to consummate this transaction immediately.

This increase in our offer would be made only if your Board of Directors agrees at this evening's meeting to enter into a merger agreement at the \$53 price containing the terms and conditions indicated in our previous letter of September 27, 1985, and such an agreement is executed promptly.

I look forward to hearing from you at your earliest convenience.

Sincerely yours,



Ronald O. Perelman  
Chairman of the Board  
and Chief Executive Officer

Pantry Pride, Inc.

October 9, 1985

Mr. Michel Bergerac  
Chairman, President and  
Chief Executive Officer  
Revlon, Inc.  
767 Fifth Avenue  
New York, New York 10153

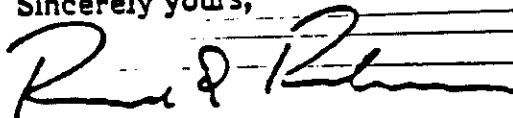
Dear Michel:

In connection with our Supplement to the Offer to Purchase filed today in which Nicole Acquisition Corporation has offered to purchase any and all outstanding shares of Revlon, Inc. for \$56.25 per share, we have requested that certain restrictive conditions contained in Revlon's 11.75% Senior Subordinated Notes and \$9.00 Preferred Shares be waived or modified.

When your Board of Directors is considering that request, I would like them to understand the capital structure of our Acquisition company. That company shall have at the time of the acquisition not less than \$500 million in capital which is in excess of the capital provided in the Forstmann Little-Management merger proposal. Since the waivers and modifications we seek are identical to those granted to the Forstmann Little-Management group, and our capital structure will be greater, I reiterate our request that the Board of Directors grant to us the identical waivers and modifications granted to your group.

Should you or your financial advisors wish any additional information concerning our capital structure, we shall be available to meet with you and to make such submissions as required by your Board.

Sincerely yours,



Ronald O. Perelman  
Chairman of the Board  
and Chief Executive Officer