IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN AND FOR NEW CASTLE COUNTY

MACANDREWS & FORBES HOLDINGS, INC., a Delaware corporation,	)	
Plaintiff,	)	
v.	)	Civil Action No. 81
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, ESRA 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.	)	

AFFIDAVIT OF SIMON H. RIFKIND
IN OPPOSITION TO PLAINTIFF'S
MOTION FOR A PRELIMINARY INJUNCTION

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

SIMON H. RIFKIND, being sworn, states:

1. I am a member of the Board of Directors of Defendant Revlon, Inc. I submit this affidavit in opposition to plaintiff's motion for a preliminary injunction.

Preliminary Matters

2. I am a member of the New York City law firm of Paul, Weiss, Rifkind, Wharton & Garrison. I have been a member of the legal profession for nearly 60 years. I am the senior-most member of Revlon's Board, having first been elected in 1956. I also have served on the boards of other corporations, including MacAndrews & Forbes Holdings. As described below, I resigned from the MacAndrews & Forbes Board in connection with Pantry Pride's takeover effort. During my career, I have advised many corporate clients on the responsibilities of directors and officers to corporate shareholders. A further summary of my background is set forth in my Martindale-Hubbell biography, a copy of which is annexed as Exhibit G to this affidavit.

3. I have been asked by Revlon's counsel to describe in this affidavit the process by which the Board arrived at its decisions with respect to various Pantry Pride offers to acquire Revlon and the agreement of October 12,

1985 with Forstmann Little. As this Court is aware, the future of a major corporation is at stake here, and the outcome will touch the lives of thousands of shareholders and employees. For me to describe fully the many hours that have been devoted to Revlon Board meetings since August would, I fear, tax the Court's patience. I shall therefore attempt below only to summarize highlights. For the Court's benefit, I am annexing copies of the following draft minutes of Board meetings:

Ex.	Meeting Date
A	August 19
B	August 26
C	September 25
D	October 1
E	October 3
F	October 12

I have reviewed this material in preparation of this affidavit, and I believe that the draft minutes are substantially accurate.

4. At the outset, I wish to state that I have no bias against Pantry Pride, Ronald Perelman, or MacAndrews & Forbes. On the contrary, I served on MacAndrews & Forbes' Board for many years, until Pantry Pride's tender offer for Revlon. I have only affection for my friend, Mr. Perelman, and I do not enjoy being in an adversarial position with him. But I take my fiduciary duties as a director seriously. I voted to approve the Forstmann Little offer because, in my

business judgment as a director, I believed, and still believe, it clearly is in the best interests of Revlon's shareholders.

5. In terms of my decision, the nub of the matter is that, in nearly two months of bidding for Revlon, Pantry Pride never made an offer that approaches the Forstmann Little offer in value. At the time that Forstmann Little stepped in, Pantry Pride was pressing a tender for Revlon at $42 per share -- down from its original offer of $47.50 per share and roughly $450 million less than the eventual Forstmann Little offer. Pantry Pride increased its offer only after learning that Revlon was negotiating with Forstmann Little, and it has conditioned every offer above $42 a share on Revlon's Board withdrawing not only the Note Purchase Rights, but also covenants designed to protect the value of $475 million in Revlon notes issued to shareholders in the Revlon exchange offer. Pantry Pride's last offer not only contained the same conditions, but also is $1 per share less than Forstmann Little's offer -- nearly $30 million less in total. Pantry Pride's last offer also does not assure that Revlon's 11.75% notes, exchanged in part earlier for 25% of its shares, will be exchanged for new notes that will sell at par. This was a matter of major concern to the Board. Because of the prospect of a transaction that would increase Revlon's debt, the Notes have sold for as low as $87.

Forstmann Little has agreed to exchange the Notes for new notes that would sell at par. This provision is worth over $60 million ($475 x $13, the market price discount from par), and, when added to the $1 per share that Forstmann Little agreed to pay over Pantry Pride's last offer, made the Forstmann Little offer worth $100 million more than that of Pantry Pride.

6. The economic superiority of the Forstmann Little offer from the standpoint of Revlon's shareholders was not the only fact that militated toward acceptance. As a director, I was deeply concerned that if the Forstmann Little offer were not accepted, and if Forstmann Little withdrew from the field as it indicated it would, Revlon's shareholders would be at the mercy of Pantry Pride. This concern, shared by all the Directors, is well grounded in the history of Pantry Pride's shifting offers.

7. If the competition from Forstmann Little were to end, my best business judgment was that Pantry Pride would have every incentive to reduce, not raise, its price -- as it did not hesitate to do in the past when it reduced its original offer from $47.50 to $42 after Revlon's exchange offer. Revlon would be without bargaining power to protect its shareholders and 11.75% Noteholders.

8. Prior to receiving Forstmann Little's proposal at the October 12 meeting, Revlon refused to give Forstmann

Little any lock up option on Revlon's assets, even when approving Forstmann Little's earlier $56 per share merger offer. Indeed, Revlon expressly reserved the right to consider better offers. No such proposals appeared. Pantry Pride increased the $56 offer by only $0.25, and had made clear that it would continually counter Forstmann Little's bids with only the most marginal increases. Pantry Pride also had failed to take any steps to assure that our note-holders would receive a par value instrument. In these circumstances, I concluded that it was not simply appropriate, but imperative, for the protection of Revlon's shareholders and noteholders to accept Forstmann Little's proposal at the October 12 Board meeting, with provision for an option on two Revlon divisions. Forstmann Little's insistence on a conditional lock-up option was a small price to pay for the nearly $100 million premium that Forstmann Little was offering over the Pantry Pride offer.

9. I advocated and voted for the Forstmann Little proposal with the conviction that, as directors, we had fully discharged our duties to protect the shareholders and to enhance their investment, and that the Forstmann Little agreement was fair and reasonable.

10. In carrying out our responsibilities, I and the other Revlon Board members were advised throughout by Felix Rohatyn of the investment banking firm of Lazard Freres

& Company. I have known Mr. Rohatyn for years. He and I labored together nearly a decade ago to save New York City from bankruptcy, and we served together on the New York State Municipal Assistance Corporation, an agency that he was instrumental in fashioning to rescue the City. I know Mr. Rohatyn to be an individual of uncommon intelligence, judgment, and integrity. Throughout the Pantry Price-Forstmann Little situation, I valued his advice, recommendations, and reasoning, as did the other members of Revlon's Board. I also listened carefully to Forstmann Little's presentations and to the views of Revlon's other Directors.

11. Among Revlon's Board members is Lewis L. Glucksman -- a former head of the investment banking firm of Lehman Brothers. Mr. Glucksman is an astute and sophisticated businessman. He was represented by his own counsel. I listened to Mr. Glucksman, as he explained why he believed that the Forstmann Little offer was appropriate and fair to Revlon's shareholders. So did the other Board members.

12. At the conclusion of Revlon's October 12 Board meeting, I told those present that I regretted our not having a tape recorder there. I said that because I felt the meeting demonstrated what the business judgment rule is all about. I would have welcomed the opportunity to play a tape of that meeting for the Court. The Board members considered

the Pantry Pride and Forstmann Little alternatives, discussed realistically attainable modifications of them, evaluated the pros and cons to the shareholders and noteholders of various courses of action -- and we made a decision based on what we believed was right for the shareholders. Reasonable minds might differ on the matter; in our imperfect world, perfect solutions are rare indeed, and certainly there could be no perfect solution in a situation as complex as this one. For me, the break up of the company was most unwelcomed. But the decision was an informed one, made by conscientious businessmen, seeking to protect the interests of Revlon's thousands of corporate shareholders. The meeting, in my experience, epitomized the exercise of business judgment.

13. That meeting was the culmination of a process that should serve as a model of corporate governance. The proof of the pudding is what we achieved -- a price for the shareholders that is more than $10 a share (over 20%) above Pantry Pride's original bid and more that $15.25 above the modified bid. At every Board meeting, we struggled to reach decisions, based on the best information and advice available to us, which would protect the interests of the shareholders that we were elected to serve. At no time did Revlon management put its own interests above those of the shareholders. Indeed, rather than permit our efforts to be tarnished by conflict of interest charges -- arising from misinformation

-- Michel Bergerac withdrew himself and his management from participation in the Forstmann Little offer -- an act which, so far as I am aware, is unprecedented in a leveraged buy-out.

Events on August 19 Prior to the Board Meeting

14. Revlon's Board met on August 19. The Board meeting occurred amidst takeover rumors and heavy public stock trading activity during the prior week. Earlier that same day, my partner Arthur Liman and I had met with Mr. Perelman. During that meeting, Mr. Perelman, expressed an interest in purchasing two of Revlon's divisions and sought from Revlon a proposed price range as an indication of Revlon's good faith. Mr. Perelman made clear that Pantry Pride was prepared to make a hostile tender offer for Revlon, and he would not commit to withdrawing that threat even if Revlon undertook to try to negotiate with him a price for the two divisions that he wanted. Because of Mr. Perelman's refusal to withdraw his takeover threat, I had resigned the day before as a Director of MacAndrews & Forbes.

15. Mr. Liman telephoned Mr. Perelman just before the Board met to attempt to elicit a price from Mr. Perelman. While Mr. Perelman was not willing to say so, he indicated a formula based on a multiple of earnings that would yield a price of $300 - $400 million for Revlon's Beauty Products Division. By contrast, Lazard Freres believed that, if sold under proper circumstances, this same Division might realize

almost $1 billion -- a price that Mr. Perelman scoffed at (although we eventually did realize a price of $900 million). Mr. Perelman's intentions were clear to every member of the Board: he wanted to buy Revlon at a wholesale price, sell the parts that he did not want at retail prices, and end up with the Beauty Products Division for a bargain price -- all at the expense of Revlon's shareholders.

The August 19 Board Meeting (Ex. A)

16. Revlon's August 19 Board meeting covered many matters relating to what we believed was Pantry Pride's imminent takeover bid. Briefly, Mr. Liman and I reported our contacts that day with Mr. Perelman. Michel Bergerac, Revlon's Chairman, also described his own recent contacts with Mr. Perelman. He explained that Mr. Perelman was proposing $42 or $43 per share to acquire Revlon on a negotiated basis, and $45 per share if a hostile tender offer were necessary. Lazard Freres made a presentation concerning Pantry Pride, and reviewed their own evaluation of Revlon's financial worth.

17. There was a unanimous consensus at the meeting that Mr. Perelman's price levels were far too low. It also was clear that Pantry Pride did not have the financial resources to finance an acquisition of Revlon on any long term basis, but would instead have to sell off Revlon opera-

tions to retire debt incurred to make the acquisition. Thus, Mr. Perelman's intention, we concluded, was simply to buy Revlon for a cheap price, dispose of its less profitable operations, retain certain more attractive operations, and realize a substantial profit -- all at the expense of Revlon's public shareholders, who would be pressured to tender at a price substantially below the value of their holdings. Accordingly, the Board concluded that steps should be taken to protect the shareholders.

18. At the meeting, the Board: (a) authorized Revlon, in conjunction with Lazard Freres, to develop a program to enhance stockholder values; (b) authorized discretionary open-market purchases of up to 5 million Revlon shares; and (c) declared a dividend in the form of "Note Purchase Rights."

19. In the takeover world, the Note Purchase Rights are often referred to as a "poison pill." Here, in substance, Revlon granted to its shareholders the right to exchange one share of common stock for a Revlon note in the amount of $65, with interest at 12%. These exchange rights (the "Rights") would be triggered only if someone such as Pantry Pride acquired 20% of Revlon's shares by offering less than $65 per share. The Rights also were redeemable under certain circumstances and included many other provisions that I will not detail here.

20. I had never before voted for a poison pill device or advocated its use. Frankly, I find the concept personally distasteful. But I argued in favor of the proposal at the Board meeting because the alternative was even worse. I did not wish to see Revlon's stockholders suffer, while Mr. Perelman made a handsome profit by dismantling the company. In my view, Revlon's assets belonged to its shareholders, not to a liquidator, and the Board was acting reasonably to ensure the value of the shareholders' investment. Moreover, given Mr. Perelman's thin financing, I believed shareholders would feel coerced to tender to avoid being left with holdings in a financially unsound company. The poison pill gave Revlon bargaining power and time to find a competing bidder. Without it, Revlon probably would have been acquired at Pantry Pride's initial price.

The August 26 Board Meeting (Ex. B)

21. On August 23, Pantry Pride announced its first offer at $47.50 per share, subject to various conditions. One was that Revlon redeem the Rights. Another was that Pantry Pride secure the financing needed for the offer. The Revlon Board met again on August 26.

22. Based primarily on the Lazard Freres presentation a week earlier and on its follow-up evaluation at this meeting, the Board determined that Pantry Pride's offer was

inadequate. We further considered a request by Pantry Pride that the Rights be redeemed. We rejected it because the Rights had been declared to protect the shareholders against the very type of inadequate offer that Pantry Pride had made.

23. The Board also considered further steps in response to Pantry Pride's takeover bid, this time an exchange offer by Revlon, made to its shareholders. After discussion, the Board adopted the Exchange Offer. Its essence was as follows.

24. Revlon offered to purchase up to 10 million shares of its common stock in exchange for a package of notes and preferred stock, having a total face value of $57.50. Each common share would be exchanged for: (a) a note in the principal amount of $47.50, with a coupon rate of 11.75% (the "11.75% Notes"); and (b) 1/10th of a share of convertible preferred stock, with a dividend of $9.00 and a face amount of $100 (the "$9 Preferred Stock"). Lazard Freres explained that it had designed this package so that the securities would trade approximately at their face value after full distribution.

25. These securities thus were intended to offer the shareholders a premium over the market price for at least a portion of their Revlon holdings, while also making a hostile takeover more difficult. The 11.75% Notes, for example, contained covenants precluding incurrence of addi-

tional corporate debt, most asset sales, and most dividend-type payments, unless such transactions were approved by the "Independent Directors." The $9 Preferred Stock also contained covenants restricting debt incurrence that was not approved by the Independent Directors.

26. The concept of Independent Director approval, contained in the Exchange Offer, is an important one. Let me therefore describe it further. The term "Independent Directors" embraced, in substance, the non-management members of Revlon's current board, and elected successors whom they had nominated. These particular individuals retained specific authority to waive covenants in the securities to be exchanged in order to vest important decision-making responsibility in persons other than Revlon management. They were given these powers to protect the shareholders and those who wound up holding securities issued in the Exchange Offer.

27. Besides the Exchange Offer, the Board also authorized the sale of assets of approximately $250 million to increase equity and reduce debt.

Events Throughout September

28. Revlon's Exchange Offer began a few days after the August 26 meeting and continued until September 12. The Offer was oversubscribed, and 10 million shares -- the

maximum number provided for -- were accepted. In exchange, Revlon issued $475 million in 11.75% Notes and 1 million shares of $9 Preferred Stock. Pantry Pride withdrew its outstanding $47.50 offer and publicly announced its intention to make a new offer at a reduced price of $42 per share. After review and discussion at a September 24 Board meeting, Revlon's directors concluded that Pantry Pride's second offer was inadequate. (Ex. C)

29. With the announcement of Pantry Pride's second offer, both I and other Board members became concerned that it might not be possible for Revlon to remain independent. There was a significant likelihood that Pantry Pride would persist, and alternatives that might enable the shareholders to realize a higher price needed to be explored. Thus, Lazard Freres heightened its efforts to find an alternative to Pantry Pride.

30. On September 27, Mr. Perelman sent Mr. Bergerac a letter, expressing an interest in a merger whereby Revlon's shareholders would receive $50 per share. This overture, however, was conditioned on Revlon redeeming the Rights, and on its Independent Directors waiving various restrictive covenants in the securities issued in the Exchange Offer. If these provisions were waived, the value of the newly issued securities would fall sharply. On October 1 -- just minutes before the Board met -- Mr. Perelman increased the Pantry

Pride proposal to $53 per share, conditioned on Revlon approving it that very night at its Board meeting.

The October 1 Board Meeting (Ex. D)

31. At the October 1 Board meeting, Lazard Freres, Mr. Bergerac, and others reported on the prevailing state of affairs. As noted above, Pantry Pride was demanding an immediate approval of its $53 proposal. In addition, however, Mr. Bergerac reported that significant discussions were on-going to accomplish a leveraged buyout at a price that would enable the shareholders to realize more than $53 per share. Further, Mr. Bergerac explained that he had met that day with a major American corporation that also was interested in acquiring Revlon.

32. I can only describe the report to the Board as bittersweet. We had begun with a Pantry Pride proposal in the low $40's, and now we could see the real possibility of a transaction in which the shareholders would be paid more than $53. We had succeeded in preventing a cheap sale of the company. But, at the same time, there was a sorrow in the realization that Revlon -- as we had come to know it -- might very well cease to exist. The Board made no decision on the course of future events that day, but we adjourned knowing full well that one was imminent.

The October 3 Board Meeting (Ex. E)

33. The October 3 Board meeting involved presentation and consideration of a specific alternative to the Pantry Pride offer. The alternative was in the form of proposals by Forstman Little and Adler & Shaykin. Their proposals, in summary, are discussed below.

(a) The Forstmann Proposal

34. Theodore Forstmann, the Chairman of Forstmann Little, summarized his firm's proposal to purchase all Revlon's shares for $56 per share in cash. He explained that, in connection with the transaction, Forstmann Little would assume the $475 million debt arising from the 11.75% Notes issued in the recent Exchange Offer. His proposal further included a sale of Revlon's Norcliff Thayer and Reheis Divisions to American Home Products for $335 million; there also was to be a contemporaneous sale by Revlon of its Beauty Products operations to Adler & Shaykin for approximately $900 million. Mr. Forstmann explained that his firm's proposal was not conditioned on financing. He also described that Forstmann Little would directly commit $445 million to the transaction. The Forstmann Little investor group, he explained, included pension funds for such corporations as General Electric, Boeing, Standard Oil of Indiana, AT&T, General Telephone, and Texas Industries, as well as Kemper and Aetna Insurance.

35. The Forstmann proposal further contemplated that Mr. Bergerac and other management personnel would have the opportunity to acquire an equity interest in the corporation that would survive the acquisition. Thus, the proposal was structured in a form commonly referred to as a leveraged buyout. As described below, Mr. Forstmann had suggested this structure to assure continuity of management. He had used it with success in other acquisitions.

(b) The Adler & Shaykin Proposal

36. Leonard Shaykin of Adler & Shaykin presented his offer to purchase Revlon's beauty products operations for roughly $900 million. He detailed his financing commitments for the transaction and explained that members of the division's management would be given the opportunity to participate in the transaction. Mr. Shaykin also emphasized that he was proposing a purchase directly from Revlon, which was not contingent on the Forstmann Little proposal, although his company's purchase would help Forstmann Little in financing its transaction.

(c) Mr. Perelman's Interest in the Beauty Products Division

37. Martin Lipton, one of Revlon's attorneys, also reported to the Board on a recent conversation with Mr. Perelman's counsel, Joseph Flom. Mr. Flom stated that Mr. Perelman sought principally to purchase Revlon's Beauty

Products Division; if that could be achieved, Pantry Pride would drop its tender offer. Although Mr. Flom did not offer a price to Mr. Lipton, Mr. Liman informed the Board that he had spoken with Mr. Perelman the day before. Based on that discussion, Mr. Liman said he did not believe that Mr. Perelman would pay a price that even approached the Adler & Shaykin proposal.

(d) The Alternatives to Pantry Pride

38. Both before and after the presentations by Messrs. Forstmann and Shaykin, there was extended discussion of the proposals, as well as of Pantry Pride's offer. Two significant aspects of Mr. Forstmann's proposal, insisted upon by Revlon management, were the absence of any "lock-up" option or any "no shop" clause. A "lock-up" option would have required Revlon to sell certain assets to Forstmann Little if someone else made a higher offer. A "no shop" clause would have prevented Revlon from considering other acquisition alternatives. There had been hard negotiations over both provisions, and Revlon management prevailed with Forstmann Little not insisting on either one. As part of the negotiating compromise, Revlon did, however, agree to give Forstmann Little notice of any competing bids.

39. The Forstmann Little proposal also contemplated that Revlon would redeem the Rights issued in the August Exchange Offer. Mr. Forstmann considered this essen-

tial to avoid triggering exercise of the Rights at $65 per share and substantially increasing Revlon's debt. However, at the same time, Forstmann Little was prepared to permit a similar redemption in connection with any other offer where all stockholders received $56 or more in cash per share. Again, the parties compromised by giving Mr. Forstmann a 10 day "window" before redemption in response to another offer so that his company could re-evaluate its own proposal. Forstmann Little's proposal further included a $25 million "break up" fee. This was intended to cover expenses if its proposal were not consummated for reasons other than its own nonperformance. Forstmann Little's proposal also required waiver of the covenants in the $9 Preferred Stock and 11.75% Notes issued in the Exchange Offer. However, the Board declined to take definitive action on that condition, pending evaluation of all the circumstances.

40. As I noted earlier, I am only presenting the Court with an overview of the Board meeting. The entire meeting touched on many matters in great detail. I should also emphasize that, during much of the discussion, Revlon's management directors were not present. We voted on the Forstmann Little and Adler & Shaykin proposals in their absence, and the independent directors unanimously approved the proposals. Upon the return of the management directors

to the meeting, a second vote was taken, and the result was again unanimous approval.

41. Trading in Revlon's stock was promptly suspended at the company's request. Later that day, Revlon publicly announced the Board's action.

The October 12 Board Meeting (Ex. F)

42. Revlon's Board convened again on October 12 to consider two matters arising after the October 3 meeting. First, Mr. Perelman was proposing to increase Pantry Pride's offer to $56.25 -- $0.25 more than the announced Forstmann Little merger. Mr. Perelman's proposal, however, was conditioned on a waiver of the covenants in the 11.75% Notes and the $9 Preferred Stock. Since our meeting of October 3, the Notes had dropped to as low as $87 -- a decline of about $60 million below par. I was deluged with telephone calls from irate holders who had exchanged shares for 11.75% Notes which they believed would be worth par, and who now saw a 13% erosion in the value of their Notes. I and other directors believed that we had a moral obligation to attempt to restore the value of our holders' Notes. Second, Mr. Forstmann had become concerned that Pantry Pride intended to counter any increased Forstmann Little offer with a "nickel and dime" increase of its own. Mr. Forstmann was not prepared to be a "price leader" for Mr. Perelman to follow. Thus, Mr.

Forstmann was unwilling to make a meaningful increase in his offer unless he received a lock-up option.

43. As the meeting began, Mr. Bergerac announced that a decision had been made that he and other management would withdraw from any equity participation in the surviving entity envisioned by the Forstmann Little proposal. This decision was, of course, made because of rampant conflict of interest charges that had appeared in the press. The accusations arose only because of the way Mr. Forstmann himself wanted to structure his offer. Thus, the issue was a false one. Mr. Bergerac wanted to eliminate it entirely. I can only commend his sensitivity and dedication to the shareholders in doing so.

44. Lazard Freres representatives described their discussions with Forstmann Little. Forstmann Little proposed to increase its price to $57.25 per share, which it represented to be its best offer. In return, it wanted a lock-up option to purchase the Vision Care and National Health Laboratories Divisions of Revlon for $525 million if another bidder prevailed.

45. In response to Revlon's concern for the holders of the 11.75% Notes, issued in the Exchange Offer, Forstmann Little agreed to issue new notes in another exchange offer. The new notes would bear an increased interest rate and would be designed to trade at par. This proposal was

intended to protect the 11.75% Noteholders. The 11.75% Notes already had fallen from par to a market price of about $87 or $88, and a waiver of their covenants would be expected to depress the Notes even more. Lazard Freres and Goldman, Sachs (Forstmann Little's investment banker) had hammered out specific terms for the new notes that Forstmann Little proposed to exchange for the 11.75% Notes. In the opinion of these two distinguished firms, the new notes would be worth par.

46. Forstmann also had asked that Revlon not waive the covenants in the Exchange Offer securities, and that it not redeem the Rights, for anyone else. Lazard Freres, however, had refused to commit Revlon to either request. Rather, Revlon would redeem the Rights in connection with any offer of $57.25 or more per share in cash, regardless of who made it. Further, Revlon would decline to waive the covenants in the 11.75% Notes and $9 Preferred Stock unless Lazard Freres (or other investment bankers) expressed an opinion that the Notes would trade near par after any other offer were made -- the same opinion that Lazard Freres and Goldman Sachs are to give on the new Forstmann Little Notes.

47. Against this backdrop of events, Mr. Bergerac addressed the Board members. He expressed concern that the existing situation was impairing Revlon's business operations. Uncertainty about the future was taking its toll in

the form of sharply reduced employee morale. Employees, not surprisingly, were becoming more concerned about their own futures, rather than the company's business operations. Moreover, substantial energies were being diverted in the takeover fight. Thus, Mr. Bergerac emphasized, there was a pressing need to end the uncertainty. I and others at the meeting believed that, if the situation continued much longer, the company might be destroyed in the process.

48. Thus, the October 12 meeting brought to a head the events that began unfolding nearly two months earlier. Mr. Forstmann appeared again to state his firm's position. He said that Mr. Perelman had told him Pantry Pride was ready to outbid any Forstmann Little offer by $0.25. Mr. Forstmann also stated that Mr. Perelman had tried to reach a Forstmann Little - Pantry Pride agreement to divide Revlon. Mr. Forstmann, however, informed us that this was not his objective in entering the fray. He also recounted that he had approached Mr. Bergerac to ask that Mr. Bergerac and other Revlon management personnel participate in the surviving corporation. This, Mr. Forstmann explained, was his general approach to transactions like this. He also described how, the night before the meeting, Mr. Bergerac had called him to explain the need to withdraw management participation. Although Mr. Forstman told us he had never before made an

acquisition without an assurance of continuity of management, he was prepared to proceed here nonetheless.

49. Mr. Forstmann stated his "bottom line" very clearly. He had to have a lock-up option on Revlon's Vision-Care and National Health Laboratories Divisions in order to avoid being used as stalking horse by Mr. Perelman with his "$0.25 more" threat. He also had to have a Board decision that night. Otherwise, Forstmann Little would withdraw its offer and leave Pantry Pride as the sole bidder -- with the inevitable consequences. I firmly believed that Mr. Forstmann was being sincere and candid in these statements.

50. Besides listening to Mr. Forstmann's presentation, the Board members struggled again with the available options. Lazard Freres representatives, for example, expressed the view that we might theoretically achieve $60-62 per share through liquidation. However, it was questionable whether this alternative was feasible because Pantry Pride could effectively foreclose it by its own tender offer. In any event, liquidation would present significantly greater risks to the shareholders. We discussed Forstmann's insistence on a lock up option, and its exchange proposal to deal with the 11.75% Notes. The Board concluded that Forstmann Little's offer was better than Pantry Pride's for several reasons. Forstmann Little was offering a higher price to the stockholders. Unlike Pantry Pride, it also was prepared to

protect the 11.75% Noteholders through its new exchange offer. Furthermore, Forstmann Little's financing was in place; Pantry Pride's was not.

51. After careful consideration of these and other matters, the Board voted unanimously to accept Forstmann Little's offer of $57.25 per share, coupled with its exchange offer to protect our noteholders. At the same meeting, we also acted to assure that the Rights would be redeemed, and the covenants in the $9 Preferred Stock waived, in connection with any offer -- by anyone -- in which the stockholders would receive $57.25 or more in cash. We further acted to waive the covenants in the 11.75% Notes, so long as either Lazard Freres or two other established investment bankers gave an opinion stating, in substance, that after an offer were consummated, the Notes would trade at approximately par.

Conclusion

52. Neither the written nor, indeed, even the spoken word can truly convey the experience that I and my fellow Board members have shared these last two months. Under intense pressures and stressful circumstances, we have labored to protect Revlon's shareholders, as well as its thousands of dedicated employees. With the assistance of some of the leading experts in the field, and the selfless leadership of Mr. Bergerac, I believe that we have succeeded.

Perhaps some other processes, unknown and untested, could have achieved a higher price for the shareholders, although if they did not work the shareholders might have been stuck with Pantry Pride's substantially lower offer. That, however, is in the realm of speculation and hypothesis, which directors operating in the real world cannot indulge in. I can say with absolute conviction that the processes we followed not only were in the best tradition of corporate governance, but also created a competitive environment that yielded for the shareholders a significant premium over the price they were being pressured by Pantry Pride to take before we succeeded in inducing Forstmann Little to bid. If the agreement with Forstmann Little were enjoined, and Pantry Pride left as the sole bidder -- the prospect we faced in reaching our decision -- the consequences for our shareholders and noteholders could be disastrous.

53. Accordingly, I respectfully ask that the Court deny plaintiff's preliminary injunction motion and allow a transaction so beneficial to Revlon's shareholders to proceed.

Simon H. Rifkind

Sworn to before me this 16th
day of October 1985

Notary Public

JAY L. HIMES
Notary Public, State of New York
No. 31-4525415
Qualified in New York County
Commission Expires March 30, 1986

Exhibit A

[Insert for Minutes of Revlon Board Meeting
Held on August 19, 1985
at the offices of WLR&K]

[Insert standard introductions, call of meeting to order, etc.]

Mr. Bergerac thanked the Directors for coming together promptly for the special meeting. Mr. Bergerac stated that he knew the Board members were aware of the market rumors and press reports during the past week concerning Pantry Pride and Revlon. He also stated that he presumed the Board was aware that approximately 4 million Revlon shares had traded in the past week. He stated that he was advised by Pantry Pride's Chairman, Ronald Perelman, that Pantry Pride was prepared to make a hostile tender offer for the Company at $45 per share, although he said that he had no indication from Pantry Pride as to when or whether such a bid would be commenced. He further stated that, in his opinion and in management's opinion, after consulting with the Company's advisors, the actions by Pantry Pride since June of this year, coupled with the press reports and rumors and with the related volume in Revlon stock, have created a situation in which Revlon shareholders could be pressured into selling their shares at prices that do not reflect what Revlon is really worth. Accordingly, Mr. Bergerac stated he had convened this meeting so that the Board could take action to protect shareholders.

Mr. Bergerac then called upon Mr. Rohatyn of Lazard Freres & Co. to make a presentation concerning Pantry Pride and the Company. Mr. Rohatyn stated that he believed that the marketplace expected Pantry Pride to make a bid for Revlon and that a substantial portion of the Company's stock had moved into arbitrage hands. Mr. Rohatyn stated that Pantry Pride itself was a much smaller company than Revlon that it had emerged from bankruptcy proceedings a few years ago. He stated that Pantry Pride was in the process of radically restructuring itself, by selling off virtually all of its old businesses and that it planned to make major acquisitions of new businesses. He stated that Pantry Pride had recently raised approximately $700 million through an underwritten offering of junk bonds by Drexel Burnham. Mr. Rohatyn stated that he understood Pantry Pride would resort to more junk bond financing to raise additional money to acquire Revlon. Mr. Rohatyn stated that the Company had learned that Morgan Stanley had been retained by Pantry Pride to solicit purchasers for Revlon's various businesses and that the proceeds of the sales of Revlon assets would be used to pay down the acquisition debt. He also noted that Pantry Pride was being advised by Skadden, Arps, Meagher, Slate & Flom. Mr. Rohatyn noted that Pantry Pride, with its financing and its investment advisors and legal advisors, was a formidable adversary capable of accomplishing the objective it was seeking to achieve,

namely, to buy Revlon as cheaply as possible, sell the various pieces of Revlon's business to pay back the financing and retain the profit, or the remaining pieces, for itself.

Mr. Rohatyn noted that the prices that had been mentioned in terms of a possible Pantry Pride offer were all in the low to mid $40 range. He stated that Lazard Freres had prepared an analysis of the Company and its values in order to advise the Board in reviewing any possible proposals by Pantry Pride. Mr. Rohatyn then introduced his partner, Mr. William Loomis, to present the Lazard Freres analysis.

Mr. Loomis began by briefly describing the background of Pantry Pride. He stated that Pantry Pride had emerged from a Chapter XI proceeding, had recently been taken over by MacAndrews & Forbes, and was in the process of a radical reorganization of its business. He described Pantry Pride's assets, revenues and earnings, noting that it was a much smaller company than Revlon and that it was highly leveraged. He noted that Pantry Pride claimed to have available to it a tax loss carry forward of approximately $330 million. He summarized the terms of the $700 million offering of junk bonds completed by Pantry Pride in July 1985 which, it was understood, would be used as part of the financing to acquire Revlon. He noted for the Board of Directors that the prospectus relating

to Pantry Pride's July offering indicated that Pantry Pride would not by itself have sufficient earnings to cover interest charges. However, Mr. Loomis stated that the Pantry Pride prospectus claimed that, at the time, no acquisition candidates had been identified.

Mr. Loomis then described the background of MacAndrews & Forbes, which is 100% owned by Mr. Perelman. He stated that not much has been publicly available about that company since Mr. Perelman took it private. He noted that Pantry Pride had been the subject of a proxy contest in 1985 and that MacAndrews & Forbes' acquisition of a controlling interest in Pantry Pride was a result of that proxy contest. Mr. Loomis stated that MacAndrews & Forbes controlled approximately 37% of the voting power of Pantry Pride. He noted that Mr. Perelman was the Chairman of Pantry Pride and that MacAndrews & Forbes representatives constituted a majority of Pantry Pride's board of directors.

Mr. Loomis then turned to Lazard Freres' valuation analysis of Revlon. He stated that, although there were rumors earlier in the week of a possible bid in the mid $50's, all of the current rumors in the marketplace regarding a Pantry Pride offer for Revlon indicated price levels of $45 or less. Mr. Loomis stated that Lazard Freres had a long-term relationship with Revlon and had been working with Revlon for

a long time on programs to maximize shareholder values. Consequently, Mr. Loomis stated that Lazard Freres was very familiar with Revlon's businesses, financial plans and operations. Mr. Loomis stated that in the last week Lazard Freres had reviewed and updated its work with respect to Revlon and that his presentation reflected the latest management estimates.

Mr. Loomis stated that Lazard Freres' analysis approached Revlon both as a whole and also as the sum of its component parts. In each case, he stated, Lazard Freres analyzed Revlon from all financial perspectives - income statement, balance sheet, financial ratios, comparable transactions, market prices, etc. He stated that the Lazard Freres analysis was contained in a binder that it had prepared and that he would summarize. Mr. Loomis stated that the binder was with him in the Board room available for inspection by the Directors. Mr. Loomis stated that the analysis shows that a price level of $45 would be grossly inadequate for Revlon viewing the business as a whole. He also noted that viewing Revlon's businesses separately, a $45 sales price becomes even more inadequate because greater value could be created by selling the businesses separately. He noted, however, that this analysis did not imply that this was the best time to sell Revlon or any of its component businesses. He stated that this was the wrong time to sell the cosmetics business in particular in light of the current trends in that industry. He also

noted that the health care businesses were premium businesses at the present time and appeared to be on a growth track.

Responding to a question from Mr. Zilkha, Mr. Loomis stated that if Revlon's businesses were sold separately, and proper time were allowed, it should be possible to realize between $60 and $70 a share, recognizing again that this should not imply that this was the best time to sell Revlon's business. Again responding to a question, Mr. Loomis stated that the sale of Revlon's component parts could be accomplished in three to four months' time.

Mr. Loomis continued by stating that the asset values he described highlight Pantry Pride's strategy. Pantry Pride's objective is to use Revlon's assets to obtain financing to buy Revlon cheaply. Assuming Pantry Pride were to obtain control of Revlon, interest on the Pantry Pride debt should not be a major problem for Pantry Pride, Mr. Loomis stated, because Morgan Stanley will have presold several of Revlon's key assets.

Mr. Rohatyn pointed out that Pantry Pride's strategy was contingent upon acquiring all of Revlon. Only by owning all of Revlon could Pantry Pride have direct access to Revlon's assets in order to repay its financing. Mr. Rohatyn stated that, since Pantry Pride had no substance of its own, it was dependent on Revlon's assets to service its

debt. Responding to a question from a Board member, Mr. Loomis stated although there was no offer on the table, it was clearly Lazard Freres' view that any price even close to $45 per share would be grossly inadequate from a financial point of view. He stated that in Lazard Freres' analysis the various Revlon businesses could be sold separately, but on a timely basis, yielding values of between $60 and $70 per share, but that if the Company did not wish to undertake the expense and risk inherent with the separate sales of its businesses, it could nevertheless expect to realize prices in the mid $50 range for the Company as a whole.

At Mr. Lipton's suggestion, Mr. Bergerac summarized for the Board the contacts between Pantry Pride and Revlon. Mr. Bergerac stated that in mid-June, 1985 he had met briefly with Mr. Perelman at his apartment at Mr. Perelman's request. The meeting had been arranged through Joseph Flom, a Skadden Arps partner, and Judge Rifkind. At the meeting Mr. Perelman said that Pantry Pride was interested in negotiating a friendly acquisition of the Company at a per share price in the low $40's if it were able to raise financing through a junk bond offering it was then contemplating. Mr. Bergerac stated that he advised Mr. Perelman at that time that Mr. Perelman's price range was far below the Company's value and that consequently he had no interest in such a transaction. Mr. Bergerac

reminded the Board that he had previously advised the Directors of his meeting with Mr. Perelman. Subsequently Mr. Perelman tried to reach Mr. Bergerac on several other occasions during the summer but Mr. Bergerac declined to meet on the basis that there was no interest in a transaction of the sort contemplated by Pantry Pride. It was during this period that there were market rumors and newspaper reports that Mr. Perelman had been saying that MacAndrews & Forbes would acquire Revlon.

Mr. Bergerac stated that on August 12, 1985, and on August 14, 1985, Mr. Perelman requested an urgent meeting with Mr. Bergerac. Mr. Bergerac stated that he was not available on August 12 but did agree to a meeting on August 14. On August 14 a meeting was held at Arthur Liman's office at which Mr. Perelman stated that Pantry Pride's directors had authorized an offer to acquire Revlon on either a negotiated or hostile basis. Mr. Perelman stated that although he would like to negotiate an acquisition at $42 or $43 per share, he was authorized and prepared to make a hostile tender offer at $45 per share. Mr. Bergerac stated that he told Mr. Perelman at the time that the prices discussed by Mr. Perelman were "ridiculous" and that in any case he was not prepared to have discussions with Mr. Perelman under the threat of a hostile offer. He stated that he would agree to discussions if Mr. Perelman would sign a customary confidentiality agreement which included provisions for a standstill

as a predicate for the disclosure of confidential information concerning the Company.

Mr. Bergerac stated that after the Wednesday meeting, management decided to retain Wachtell Lipton to advise the Company in this matter and that there was a need to develop a strategy to deal with Pantry Pride. As a result of discussions between Wachtell Lipton and Skadden Arps, Mr. Bergerac met with Mr. Perelman at the Wachtell Lipton offices for lunch on August 16. At that lunch Mr. Bergerac reaffirmed that he would not enter into negotiations with Mr. Perelman unless Mr. Perelman withdrew his threat of a hostile offer.

Mr. Bergerac stated that it appeared to him that Mr. Perelman was under tremendous pressure to act quickly with respect to Revlon. He stated that all of the press reports with respect to Revlon and Pantry Pride had been generated from the Pantry Pride side because Revlon had responded "no comment" to all press inquiries. Mr. Bergerac stated that it seemed to him that the objectives of Pantry Pride's press campaign were (1) to give Pantry Pride stature in the marketplace by virtue of the fact that it could seriously contemplate such a bid, (2) to create an impression that there could be a friendly transaction, (3) to create the impression

that Revlon is for sale and (4) to drive shares into the hands of arbitrageurs.

Mr. Liman then reported on developments with Pantry Pride that morning. He stated that he had met with Mr. Engel, a managing director of Drexel Burnham, who had stated that Pantry Pride's objective would be a friendly transaction for two divisions of Revlon. Mr. Liman responded to Mr. Engel that Revlon would enter into discussions but only if Pantry Pride removed the threat of a hostile offer. He stated that Revlon could not put itself in the position of sharing information to support its price claims while at the same time being under the threat of a hostile takeover bid. Mr. Liman said that later that morning Mr. Perelman met with Judge Rifkind and himself and indicated that he might sign a standstill arrangement if there were a "sign of good faith" from Revlon. Mr. Liman said that Mr. Perelman wanted the Company to indicate a price range for two of its divisions and that if that price range evidenced "good faith" he would consider signing a confidentiality agreement. Mr. Liman stated that Mr. Perelman specifically reserved his options to accept the price range and still not remove the threat of a hostile takeover bid. Mr. Liman reported that after meeting with Mr. Bergerac, Mr. Lipton and Mr. Rohatyn and reporting Mr. Perelman's proposal, he called back Mr. Perelman and stated

that the Company would not agree to put a price tag upon itself without assurance that negotiations and not an unsolicited takeover bid would ensue. Mr. Liman asked Mr. Perelman what his price range was for the two divisions and received in return a formula which was calculated by Lazard Freres to produce a value between $300 million - $400 million. Mr. Liman stated that Lazard Freres had valued those businesses at approximately $1 billion. Mr. Liman reported that Mr. Perelman was interested in the analysis that supported Lazard Freres' valuations, but that he was not prepared to enter into a standard confidentiality agreement in order to get access to the information.

Mr. Lipton then stated that he would review the presentations of Lazard Freres and management and summarize the recommendation that management was bringing to the Board of Directors. Mr. Lipton stated that Revlon has been a target of a takeover attack since July and that the marketplace has witnessed an effort to "move" shares into the hands of arbitrageurs and to create a feeling among institutions that there could be a premium transaction to acquire the Company. Mr. Lipton stated that this type of activity is typical of an attempt to orchestrate a junk bond financed takeover of a target company. He stated that by means of this technique someone without the financial wherewithal to acquire a target

can become a credible threat to make an acquisition attempt. Moving stock into arbitrage hands applies pressure to the board of directors to accept a premium but does not necessarily result in the maximization of shareholder value.

Mr. Lipton stated that the presentation by Lazard Freres and by management indicated that maximum value of the Company would not be obtained in the sale to one party provided that the Company had the three to four months necessary to get the best available prices for the Company's various businesses. He noted, however, that neither Lazard Freres nor management believed that this is the right time to sell the Company or its component businesses. Nevertheless, Mr. Lipton stated that the market activity that has been generated in the past week by the leaks and rumours and moving shares into the hands of arbitrageurs has created a situation where the likelihood of achieving maximum shareholder value has been decreased because the investor community would be looking for a quick, short-term profit rather than the maximum long-term value.

Mr. Lipton stated that he agreed with Mr. Rohatyn that Pantry Pride posed a very real threat to the Company notwithstanding its small size and highly leveraged position. Mr. Lipton stated that it must be assumed that, if left alone, Drexel Burnham could raise the financing necessary for the

Exhibit B

Disc #707
Draft - Subject to Review

[Insert for Minutes of Revlon Board Meeting
Held on August 26, 1985
at the offices of WLR&K]

[Insert standard introductions, call to order, etc.]

Mr. Bergerac thanked the Directors for coming together promptly once again for this special meeting. Mr. Bergerac recounted for the Directors the developments since the Board meeting last week, principally that the Pantry Pride tender offer was announced the previous Monday, that the Company had commenced litigation against Pantry Pride, and that litigation had been commenced against the Company and the Directors challenging the actions that the Board had taken last week. Mr. Bergerac noted that the Company had tried to contact Chemical Bank, both directly and through its advisors, to try to persuade Chemical not to be the lynch-pin in a bust-up takeover of one of its clients. Mr. Bergerac then asked Mr. Rohatyn to comment on the Pantry Pride offer.

Mr. Rohatyn stated that in Lazard Freres' opinion, the price of $47.50 being offered by Pantry Pride was grossly inadequate from a financial point of view. He stated that the basis of Lazard Freres' opinion was the valuation analysis presented at the meeting last Monday.

Mr. Rohatyn then stated that Pantry Pride's offer to purchase indicated valuations which supported Lazard Freres' opinion. Specifically, he noted that Pantry Pride's offer to purchase stated that Pantry Pride planned to sell all of the Company's assets other than its beauty care business for between $1.6 billion and $1.95 billion - or between $43.73 and $49.60 per presently outstanding Revlon share. He noted that the outstanding identifiable assets of the Beauty Group were in excess of $800 million and that that group had sales and operating income of $1.1 billion and $100 million, respectively, for the prior year. Mr. Rohatyn stated that Lazard Freres does not quarrel with the valuation estimates stated by Pantry Pride in its offer to purchase. He stated that it was not difficult by making reasonable assumptions as to the value of the Beauty Group and with regard to debt reduction to reach a total value in the mid $60's, starting with Pantry Pride's numbers.

Mr. Rohatyn then described the financing required by Pantry Pride to make its offer, principally the $900 million offer of several series of junk bonds and the Chemical Bank commitment which he described as being subject to numerous difficult conditions. Mr. Rohatyn noted the view of the Company's lawyers that the financing structure proposed by Pantry Pride would be violative of the margin regulations in that the entire financing appeared to be secured by Revlon stock

which was the only asset sufficient to support such huge borrowings.

The Chairman stated that the Company's management agreed with Lazard Freres' opinion as to the inadequacy of the Pantry Pride offer. The Chairman then asked Mr. Lipton to make a presentation.

Mr. Lipton introduced his partner, Mr. Brownstein, who, he indicated, would provide background for the Board on the Pantry Pride offer and the management recommendation. Mr. Brownstein began by outlining the relevant dates and timing of the Pantry Pride offer. Although Mr. Brownstein noted that it was unlikely that Pantry Pride would be able to purchase shares in accordance with the timetable in its offer because of the substantial conditions to its obligations thereunder, Mr. Brownstein stated that management was recommending action at this time so that the Company's response would be timely assuming Pantry Pride were to be able to meet its scheduled timetable.

Mr. Brownstein noted that the Pantry Pride offer was subject to several substantial conditions, which he reviewed, noting particularly conditions relating to eliminating the Note Purchase Rights, to financing, and to the absence of any changes in the Company's capital structure or in its Retirement Savings Plan. Mr. Brownstein then reviewed the detailed

conditions contained in the commitment letter between Pantry Pride and Chemical Bank as described in the Pantry Pride offer to purchase.

Mr. Brownstein stated that management, after consulting with the Company's advisors, was recommending that the Board not redeem the Note Purchase Rights at this time. Mr. Brownstein noted that the Board adopted the Rights Plan last week to provide shareholders with protection against low-priced offers. Thus, Mr. Brownstein stated that it would not be appropriate to redeem the Rights to facilitate an offer that Lazard Freres had opined, and that management believed, was grossly inadequate.

Mr. Brownstein stated that the management was recommending two additional responses to the Pantry Pride offer. The first was to continue the litigation against Pantry Pride that had been commenced earlier in Delaware Federal court. Mr. Brownstein stated that it was proposed to amend the Company's complaint in that action to include allegations based upon Pantry Pride's tender offer materials and also to include charges against Chemical Bank, Pantry Pride's lending bank, claiming violations of the margin rules and claiming that Chemical was a co-bidder with Pantry Pride.

Mr. Brownstein stated that the second additional response to the Pantry Pride offer that was being recommended

to the Board consisted of a tender offer by the Company to purchase up to 10 million shares of its common stock by exchanging for each share securities that would have a face value of $57.50 per share. Mr. Brownstein stated that these securities consisted of $47.50 principal amount of Senior Subordinated Notes due in 1995 which would have a coupon rate of 11.75% and 1/10th of a share of a Cumulative Convertible Preferred Stock with an annual dividend rate of $9.00 per share. Mr. Brownstein stated that the precise economic terms of these securities would be described later by Mr. Smith of Lazard Freres and that Lazard Freres had worked with the Company's management to design the terms of these securities so that they would each trade at their face value on a fully distributed basis.

Mr. Brownstein pointed out that the terms of the securities that were being offered in the exchange offer contained certain provisions that were designed to deter or make more difficult an unsolicited takeover attempt, including the Pantry Pride takeover attempt. He noted that provisions of the Notes would preclude incurrence of additional indebtedness, most asset sales and most restricted payments, such as dividends, unless these transactions were approved by the Independent Directors. Mr. Brownstein stated that the term "Independent Directors" as used in these securities meant the independent

directors on the Board of Directors today and successors nominated for election by them or by successor Independent Directors. Mr. Brownstein stated that the Preferred Stock contained provisions that would impose restraints on debt incurrence by the Company that was not approved by the Independent Directors. Mr. Brownstein noted that in the event of default during the non-call period of the Notes, a premium would be payable equal to the coupon on the Notes in addition to the Notes being accelerated.

Mr. Brownstein noted that the Notes were designed to be senior to acquisition debt that may be imposed on the Company through a merger with Pantry Pride or some other party but were not designed to interfere with the Company's outstanding bank financing. He stated that he understood that some waivers would be necessary from the Company's bank lenders in order to consummate the exchange offer, but that management expected that these waivers would be forthcoming without problems.

Mr. Brownstein noted that since the exchange offer would significantly change the capitalization of the Company it would likely have an adverse effect on the trading prices of the remaining shares. Therefore, it would be in the shareholders' advantage to tender to receive the premium for a portion of their shares in the offer and that it was

anticipated that the Board would recommend that all shareholders tender all of their shares into the exchange offer. Mr. Brownstein noted that the offer was subject to proration under the SEC self-tender rules and that therefore all shareholders would have the opportunity to participate and be treated equally.

Mr. Brownstein noted that, based on the advice of Lazard Freres, management was recommending that the Board authorize in connection with the exchange offer the sale of assets to realize proceeds of $250 million and a program of expense reductions. The purpose of these actions, Mr. Brownstein stated, was to increase equity and reduce debt.

Mr. Smith of Lazard Freres then reviewed for the Board the financial terms of the securities being offered in the exchange offer -- their interest rates and dividend rates, conversion and exchange provisions, sinking fund provisions and redemption features. Mr. Smith stated that while it could be expected that the ratings of the Company's debt securities would be lowered as a result of the exchange offer, it was his view that the Company's debt securities, including those being offered, would retain investment grade ratings. Mr. Smith noted that consummation of the exchange offer would likely impede the Company's ability to continue financing with commercial paper. He stated that the Company would be

able to replace such financing from other sources, including bank lines of credit, that were available to it.

Mr. Loomis of Lazard Freres stated that the exchange offer was structured so as to maintain the Company's flexibility and that in management's and Lazard Freres' opinion the Company would not go into a liquidation mode as a result of consummation of the offer but would continue as a strong operating company with bright future prospects. In that regard, he noted that the proposed asset sale and expense reductions were an integral part of the plan being presented in that they were designed to increase equity, reduce debt and increase earnings.

Mr. Loomis then reviewed with the Directors the opinion of Lazard Freres, a draft of which was given to every Director at the meeting. Mr. Loomis stated that this opinion would be signed and dated as of the date the exchange offer commenced. He stated that Lazard Freres was of the opinion that the Pantry Pride offer was grossly inadequate from a financial point of view. He also stated that, in Lazard Freres' opinion, the securities to be offered by the Company in the exchange offer, if trading today on a fully distributed basis, would each trade at face value. He stated that Lazard Freres was of the opinion that the exchange offer was fair to the Company's shareholders from a financial point of view, noting that in rendering such opinion Lazard Freres took note of the fact that the exchange offer is being made available to all

holders of common stock on an equal basis and that therefore there is no issue as to the adequacy of the value of the securities being offered for exchange since all shareholders have the opportunity to participate equally. Next, Mr. Loomis stated that, in Lazard Freres' opinion, after the offer the Company would continue to be a viable enterprise and have the financial flexibility and resources necessary to operate its business. Finally, Mr. Loomis offered Lazard Freres' opinion that the exchange offer is a more attractive financial opportunity for the shareholders of the Company than the Pantry Pride offer because the exchange offer provides the shareholders the opportunity to realize premium values for a substantial portion of their shares and to retain a continuing equity interest in the Company. Mr. Loomis noted that this last point should be stressed because, in Lazard Freres' opinion, the opportunity to retain equity in Revlon was of particular importance in light of their views as to the prospects of Revlon and that this was not the appropriate time to sell the Company.

In response to a question from Mr. Zilkha, Mr. Loomis stated that Lazard Freres expected that the blended value of the Company's exchange offer and the market price of the remaining shares would be about the same as, or in excess of, the Pantry Pride offer, although he noted that blended

value would depend on the precise proration factor in the exchange offer. He noted that therefore the exchange offer could make an acquisition by Pantry Pride more expensive unless the value of the remaining common stock were to fall significantly below anticipated levels.

Mr. Rohatyn commented, in response to Mr. Zilkha's question, that Lazard Freres was not recommending the exchange offer on the basis of short-term blended values. He stated that the Lazard Freres' recommendation was based upon the two part benefit offered by the exchange offer, namely, the opportunity for shareholders to obtain a significant premium now for a substantial percentage of their shares and to retain a continuing equity interest in Revlon.

Mr. Lipton commented that even if there were a drop in the price of the remaining shares to the extent that there would be no net additional cost effect on the Pantry Pride offer, the exchange offer would mandate restructuring of the financing for the Pantry Pride offer because of the covenants contained in the securities that would be issued.

In response to a question from Judge Rifkind, Mr. Lipton stated that the mere announcement of the exchange offer would trigger a condition in the Pantry Pride offer and in the commitment of Chemical Bank to finance such offer.

At the request of the Chairman, Mr. Lipton summarized the impact of the management recommendations. Mr. Lipton stated that last week in response to a threatened $45 hostile proposal, the Board of Directors, upon management's recommendation and the advice of the Company's financial and legal advisors, authorized the declaration of the Note Purchase Rights dividend. He stated that since last week, Pantry Pride has, in fact, commenced its tender offer but that that offer is subject to numerous conditions, the two principal ones being that the Note Purchase Rights be redeemed or otherwise eliminated and that Pantry Pride obtain financing to purchase the shares. Mr. Lipton stated that Lazard Freres had opined that the Pantry Pride offer was grossly inadequate from a financial point of view.

Mr. Lipton stated that management, together with Lazard Freres and the Company's legal advisors, had developed a plan which attacks both of the key conditions of the Pantry Pride offer. The Plan provides, first, that the Board not redeem the Rights at the present time and, second, that the Board authorize the exchange offer described at the meeting. Mr. Lipton stated that management has recommended that the Rights not be redeemed to facilitate an offer that the Company's advisors have opined to be grossly inadequate especially since the Rights were declared the previous week to

protect shareholders against such offers. Mr. Lipton next pointed out that the proposed exchange offer was designed to stop the Pantry Pride offer. Mr. Lipton noted that in three recent cases, involving Unocal, Phillips and CBS, courts had denied injunctive relief against actions similar to those being proposed by management. Mr. Lipton stated that in his opinion the actions being recommended to the Board were appropriate responses to an offer determined to be grossly inadequate. He stated that the basis for the Board's action would be Lazard Freres' opinions that the Pantry Pride offer was grossly inadequate, that the exchange offer would not have an adverse effect on the viability of the Company as a continuing enterprise and that the exchange offer is a preferable financial alternative to the Pantry Pride offer. In regard to the last point, Mr. Lipton noted that if the Board were to do nothing, in all likelihood Pantry Pride would acquire the shares at $47.50, particularly in light of the large arbitrage holdings of the stock.

Mr. Lipton reminded the Board of the principles underlying the business judgment rule that he articulated at last week's meeting, namely, that the Directors' sole obligation was to exercise their business judgment on a reasonable basis, in good faith and in what they believed is the best interest of shareholders. He stated that a decision by the

Board of Directors to authorize the exchange offer if made in good faith and upon an adequate basis would be a valid exercise of business judgment by the Board of Directors and would not be second-guessed by the courts. Mr. Lipton stated that, in his opinion, the Directors had before them adequate information to form a basis to exercise their business judgment and to make a decision to approve the offer. However, if the Directors desired more information, management and the Company's advisors were there to answer their questions. Mr. Lipton noted that current drafts of all the legal documentation necessary to effect the exchange offer were present and that such documentation had been prepared by his firm together with the Company and its accountants and had been reviewed by the Company's inside counsel and regular outside counsel and by Lazard Freres and its counsel.

There ensued a discussion in which the Directors asked numerous questions of Mr. Bergerac and the Company's advisors with respect to the exchange offer, the Pantry Pride offer and the Company's response.

Thereafter, at the request of the Chairman, Mr. Brownstein reviewed each of the resolutions that was proposed to be acted upon by the Board, copies of which had been presented to the Board members at the meeting. Mr. Brownstein

noted certain minor changes in the resolutions, as presented, and responded to questions concerning the resolutions.

After the resolutions were reviewed by Mr. Brownstein, the Chairman called for a vote of the Directors individually, in which the resolutions were unanimously adopted.

Exhibit C

REVLON, INC.

Minutes of Regular Meeting of Board of Directors

September 24, 1985

A Regular Meeting of the Board of Directors of REVLON, INC., a Delaware corporation, was held at the offices of the Company, 767 Fifth Avenue, New York, New York, on Tuesday, September 24, 1985, at 11:00 A.M.

The following directors were present:

Simon Aldewereld	John Loudon
Sander P. Alexander	Aileen Mehle
Jay I. Bennett	Simon H. Rifkind
Michel C. Bergerac	Samuel L. Simmons
Irving J. Bottner	Ian R. Wilson
Jacob Burns	Paul P. Woolard
Lewis L. Glucksman	Ezra K. Zilkha

constituting the entire Board of Directors. Mr. Michael Sayres, Senior Vice President of the Company, Mr. Felix G. Rohatyn, Mr. William R. Loomis, Jr. and Mr. Jesse Robert Lovejoy of Lazard Freres & Co., the Company's financial advisors, Mr. Arthur L. Liman, Mr. Arthur Kalish and Ms. Judith R. Thoyer of Paul, Weiss, Rifkind, Wharton & Garrison, the Company's regular outside counsel, and Mr. Martin Lipton and Mr. Andrew R. Brownstein of Wachtel, Lipton, Rosen & Katz, the Company's special outside counsel, were present by invitation of the Board of Directors.

In accordance with the By-laws, Mr. Bergerac, Chairman of the Board and Chief Executive Officer of the Company, presided at the meeting, and Mr. Wade H. Nichols III, Vice President and Secretary of the Company, acted as the Secretary thereof.

Upon motion duly made and seconded and unanimously carried, the reading of the minutes of the Special Meetings of the Board of Directors held on August 19 and August 26, 1985, was deferred.

The Chairman advised that the first item of formal business before the meeting was consideration of declaring the regular quarterly Series A Preferred Stock dividend in the amount of $.4875 per share, to be payable on November 15, 1985, to stockholders of record on October 25, 1985, and referred to the memoranda of the Treasurer's and Controller's Departments previously distributed to the directors, which were ordered to be annexed to the minutes as Exhibits A and B, respectively. After full discussion, upon motion duly made and seconded and unanimously carried, it was:

> RESOLVED, that a quarterly dividend in the amount of $.4875 per share on the Series A Adjustable Rate Convertible Preferred Stock of the Company be, and the same hereby is, declared payable on November 15, 1985 to stockholders of record on October 25, 1985.

The Chairman advised that the next two Agenda items related to the Revlon Employees' Savings and Investment Plan's participation in the Company's Exchange Offer commenced on August 29, and called upon Mr. Simmons, Senior Vice President and General Counsel to the Company, to summarize the proposals. Mr. Simmons noted that the Investment Committee of the Savings and Investment Plan, with the advice of outside counsel to the Committee, had determined that the Company Offer was a sufficiently extraordinary event that Plan participants should be afforded an opportunity to indicate whether they wished shares of the Company's Common Stock held by the Plan for their accounts to be tendered to the Company, tendered in response to the offer commenced by Pantry Pride on August 23, or not

tendered, with the Committee reserving discretion as to non-instructed shares and as to all shares if a material change in circumstances were to occur. As a result of this program, Mr. Simmons reported, approximately 1,175,000 shares were tendered by the Plan in the Company Offer. Mr. Simmons advised that the Plan amendments being proposed in Agenda Item 2 were required to permit the Plan to sell the Notes and Preferred Stock receivable in the Company Offer and to reinvest the proceeds in the Company's Common Stock, should the Plan determine to do so, and the Registration Statement proposed to be authorized under Agenda Item 3 was required to register under the Securities Act of 1933 any Notes and Preferred Stock that might be sold by the Plan or by purchasers from the Plan, if the Committee determined to effect any such sales by private placement. After full discussion, upon motion duly made and seconded and unanimously carried, it was:

> RESOLVED, that the Revlon Employees' Savings and Investment Plan, as amended, be, and it hereby is, further amended, effective September 1, 1985, in the manner set forth in Exhibit C hereto, with such changes therein not materially inconsistent therewith as the officers of the Company, or any of them, with advice of counsel to the Company, may determine to be necessary or advisable to give effect to the purposes thereof, such determination to be evidenced conclusively by the execution of such amendment in definitive form;
>
> RESOLVED, that the officers of the Company be, and they hereby are, authorized and empowered, in conjunction with the Company's counsel and auditors, to prepare, execute and file with the Securities and Exchange Commission, in the name and on behalf of the Company, a Registration Statement on Form S-3 in connection with the registration under the Securities Act of 1933, as amended, of the Company's 11.75% Senior Subordinated Notes Due 1995 and $9.00 Cumulative Convertible Exchangeable Preferred Stock (collectively, the "Securities"), for offering by the Revlon Employees' Savings and Investment Plan or by persons to whom such Plan may sell Securities; and

RESOLVED, that the officers of the Company be, and they hereby are, authorized and empowered to prepare, execute and file such amendments to said Registration Statement on Form S-3 or post-effective amendments thereto and such other instruments and documents in connection therewith, and to take such other actions, as they shall, with the advice of such counsel and auditors, deem necessary or appropriate.

The Chairman then referred to the announcement by Pantry Pride on September 13 that it had terminated its August 23 offer and was commencing a new offer for all of the Company's Common Stock at a lower price of $42 per share, and called upon Mr. Loomis to describe the new offer.

Mr. Loomis advised that the new offer was commenced on September 16, and that under its terms, shares tendered could not be withdrawn after October 4, at which time Pantry Pride could commence purchasing. He noted that the offer would expire on October 11, unless extended. He pointed out that, according to its Offer to Purchase, Pantry Pride had available $750 million, principally from its previous offer of $700 million of junk bonds, and intended to place privately approximately $500 million of additional junk bonds, for which it had not received commitments, and to obtain the balance of the funds required through a bank commitment of $340 million, which was subject to numerous conditions that appeared unlikely to be fulfilled, as in the case of its initial offer. Among the conditions to the offer, Mr. Loomis noted, was that at least 90% of the Company's outstanding shares be tendered, and among the conditions to the bank's commitment was that 88% of the fully-diluted shares be tendered, which the Offer to Purchase disclosed

condition might not be achieved even if the 90% condition was fulfilled. Mr. Loomis noted that, in its new offer, Pantry Pride had simply adjusted its original $47.50 price to take account of the Company's purchase of 10 million shares and to reflect the premium that would likely be required to acquire the preferred stock issued in the Company Offer, so that essentially the offer price was unchanged and, in Lazard Freres' opinion, remained grossly inadequate from a financial point of view. Mr. Loomis summarized the basis for Lazard Freres' opinion, as had been explained to the Board at the August 26, 1985 meeting, referring to the analysis contained in the "black book" prepared by Lazard, copies of which were made available to the Directors.

Mr. Loomis advised that a review of Pantry Pride's financing made it clear that, unlike many tender offers, no provision had been made to refinance the Company's debt to banks or public security-holders, so that Pantry Pride's offer put substantial pressure on shareholders to tender in order not to be faced with acceleration of this debt and possible insolvency. He noted, in the same connection, that as in the first offer, Pantry Pride disclosed that if it were unable to complete a second-step merger within approximately nine months or less, there could be no assurance that it would be able to pay for any shares not tendered in the first step. But unlike the first offer, he advised, Pantry Pride no longer stated that the same cash price would be offered in any second-step merger, so that the new offer should be viewed as more coercive and inadequate than the first.

Mr. Loomis reminded the directors that they again had before them Lazard Freres' study of the Company's financial position and prospects, valuing the Company as a whole and also in terms of its various lines of business in relation to other companies in the same industries, and that the directors were invited to raise any questions they might have concerning Lazard Freres' valuation, its determination that the price offered by Pantry Pride was grossly inadequate, or any other matters covered by his presentation.

In response to a question as to why remaining shareholders should fear insolvency following a successful Pantry Pride offer, in view of the Company's high values in relation to Pantry Pride's low offer price, Mr. Loomis pointed out that insolvency would be a perceived risk because of the effects of exercises of Note Purchase Rights, the likely acceleration of institutional and public debt, and the fact that Pantry Pride's junk bond indebtedness would be added to the Company's debt in any second-step merger. Responding to an observation that institutional lenders and public debt trustees might be willing to accept a stand-still to avoid bankruptcy, Mr. Loomis agreed that there would be substantial pressure on them to do so, but noted that stockholders would have no assurance that such stand-stills could be arranged. Mr. Loomis noted further that reaching such agreements would be time-consuming and might force Pantry Pride to sell Company assets on a more accelerated and less profitable basis than it wished. Mr. Loomis noted also that, although Pantry Pride might reach a standstill with creditors, it was very uncertain as to how the interests of

stockholders would be protected in such a situation. Mr. Loomis reiterated that, for all these reasons, the Pantry Pride offer would, and was intended to, maximize pressure on stockholders to tender because of the risk that the Company might be forced into insolvency, notwithstanding that creditors might in fact agree to keep the Company out of bankruptcy while Pantry Pride pursued its liquidation program.

Mr. Lipton noted that much of the discussion thus far had been premised on Pantry Pride effecting a merger that would add its debt to the Company's. He explained, however, that until this occurred, Pantry Pride could not shift its debt to the Company, and that in the absence of a commitment from Drexel Burnham or others to supply further financing, there was a serious risk to Pantry Pride that it would be unable to carry its debt burden until it could force a change in a majority of the Company's Board. He noted that there also would be a difficult legal problem for the Company's Board following the Pantry Pride offer, even if it were then comprised of a majority of Pantry Pride nominees, because it would then be in the position of having to determine whether to approve a merger that would unquestionably have the effect of breaching the Company's debt covenants and accelerating its debt. Accordingly, he noted, even such a Board might feel compelled to defer a merger until stand-still commitments could be worked out covering institutional and public debt, which could require a substantial amount of time, particularly where creditors are diverse in terms of seniority, as

would be the case following Pantry Pride's proposed merger. For these reasons, Mr. Lipton noted, while there could be no assurance that Pantry Pride would not go forward, it clearly would face serious obstacles.

Mr. Rohatyn pointed out that, assuming a scenario in which Pantry Pride received only 70% to 75% of the Company's shares, a substantial delay in acquiring control of the Board and resultant delay in selling Company assets or servicing Pantry Pride debt through a merger could make the price simply too high for Pantry Pride, even assuming the availability of additional Drexel Burnham bridge financing.

In response to a question as to how long Pantry Pride might believe it would need to defeat the Note Purchase Rights in court, even assuming they ultimately were found to be invalid, Mr. Liman advised that Pantry Pride likely would conclude that at least six months would be required for a final judgment, assuming that the Delaware Supreme Court's decision in Household International requires a review of the facts and circumstances of each case, as is expected. Mr. Liman stated that, accordingly, he did not believe that Pantry Pride's strategy was based upon success in court, because a final judgment would not be obtainable quickly enough to affect the decisions it must make very soon. He observed also that the Note Purchase Rights had already accomplished a tactical purpose, because Pantry Pride's uncertainty that it ultimately could invalidate them had deterred Pantry Pride from paying the commitment fees that would have permitted Drexel Burnham to obtain firm financing for the takeover attempt. Mr. Lipton agreed, pointing out

hat the Note Purchase Rights, and the risk that the Company might repay the Notes in cash because of Pantry Pride's threat not to honor them, created tremendous incentive for the arbitrage community to limit the amount of stock it tenders, thereby increasing Pantry Pride's blended price if it determined to complete its offer.

In response to questions, Mr. Loomis agreed that the Board could not prudently assume that Pantry Pride would act with complete rationality, but stated that, assuming a scenario of two-thirds of the Company's stock being tendered, Pantry Pride and its advisors would be unlikely to proceed unless they could conclude that the present directors either would resign or would support Pantry Pride's merger and asset sale program. He noted that, with debt service of $150 million to $200 million per year, the discount from full value that Pantry Pride is seeking would erode quickly during the period that would be required to force a change in a majority of the Board.

Responding to a question from the Chairman as to the directors' duties and responsibilities if Pantry Pride were to acquire such a majority stock position, Mr. Liman advised that the Board would have a continuing fiduciary duty to all stockholders, as well as to the Company's public debt holders, institutional lenders and other constituencies. Mr. Lipton agreed, noting that under the decisions of the Delaware Supreme Court, if a conflict were to arise between the interests of minority stockholders and these other constituencies, on the one hand, and the interests of a stockholder such as Pantry Pride that had knowingly created the conflict situation, on the other hand, it was not likely that the Board's

responsibility to Pantry Pride would be held by a court to be paramount as a matter of law. Accordingly, he advised, the directors' obligation would continue to be to exercise their business judgment. Mr. Rohatyn noted that, at that point, among the matters that the Board might consider would be reduction or elimination of dividends on the Common Stock to the extent such action might be prudent in view of the Company's debt service requirements.

Responding to a question as to whether MacAndrews & Forbes was prepared to supply additional funding, Mr. Lipton reiterated that the advice given to the Board assumed throughout that required funding could be made available, through Drexel Burnham or other sources.

Another director asked, in view of the fact that a second-step merger appeared so critical to Pantry Pride's strategy, whether consideration should be given to steps that would make such a merger still more difficult to achieve. In response, Mr. Lipton noted that such consideration was ongoing and that various alternatives would be presented to the Board at a later date. Mr. Lipton advised, however, that at this time management was recommending simply that the Board determine that Pantry Pride's offer is grossly inadequate and not in the best interests of the Company and its stockholders, and that the Note Purchase Rights and the restrictive covenants in the securities issuable under the Company Offer constitute important protections for the Company's securityholders that should not be eliminated to facilitate the Pantry Pride offer.

Mr. Lipton then reviewed with the directors the formal resolutions proposed for adoption, and a further discussion ensued, whereupon, upon motion duly made and seconded and unanimously carried by roll call vote, it was:

RESOLVED, that the Board of Directors hereby determines that the tender offer for any and all shares of the Company's Common Stock (the "Shares") at $42 in cash per share (the "Pantry Pride Offer"), commenced by a wholly-owned subsidiary of Pantry Pride, Inc. ("Pantry Pride") on September 16, 1985, is grossly inadequate and detrimental to the best interests of the Company and its stockholders, and that it is in the best interests of the Company and its stockholders for the Company to take appropriate actions to defeat the Pantry Pride Offer;

RESOLVED, that the proper officers of the Company be, and each of them hereby is, authorized to file with the Securities and Exchange Commission a solicitation statement on Schedule 14D-9 to be disseminated to stockholders which shall contain the Board's conclusions with respect to the Pantry Pride Offer and its recommendation that such offer be rejected;

RESOLVED, that the Board of Directors hereby determines that the Note Purchase Rights declared by the Company as a dividend on August 19, 1985 constitute important protections for the Company's stockholders and that it would not be in the best interests of the Company and its stockholders for the Note Purchase Rights to be redeemed at this time;

RESOLVED, that the Board of Directors hereby determines that the covenants contained in the indenture for the Company's 11.75% Senior Subordinated Notes Due 1995 and in the Certificate of Designation of the Company's $9.00 Cumulative Convertible Exchangeable Preferred Stock to be issued pursuant to the Company's Offer to Purchase up to 10 million shares (the "Company Offer") constitute important protections for the Company's securityholders and that the waiver at this time of any such covenants would not be in the best interest of the Company and its securityholders;

RESOLVED, that the proper officers of the Company be, and each of them hereby is, authorized and directed to institute and continue any litigation or

administrative action in connection with the Pantry Pride Offer and the Company Offer which they, with the advice of counsel, deem necessary or desirable, and are authorized to defend against any litigation or administrative action in connection with the Pantry Pride Offer and the Company Offer, and in connection therewith, to prepare, execute, acknowledge, deliver and file all such statements, applications, certificates, undertakings, notices, consents and other agreements with appropriate persons (including governmental agencies), and to appear before officials of any federal, state or local governmental agencies, authorities, commissions or similar bodies;

RESOLVED, that the proper officers of the Company be, and each of them hereby is, authorized and directed, for and on behalf of the Company, to take or cause to be taken any and all action which they may deem necessary or appropriate to communicate the position of the Board of Directors, as set forth in the foregoing resolutions, to the Company's stockholders, including, without limitation, the dissemination of such position by means of press releases and letters to stockholders of the Company, the taking of any such action conclusively to evidence the due authorization thereof by the Board of Directors;

RESOLVED, that, in addition to the foregoing, the proper officers of the Company be, and each of them hereby is, authorized to undertake negotiations or discussions, with such persons as they may deem necessary or desirable, which relate to or could result in (i) an extraordinary transaction, such as a merger or reorganization, involving the Company or any of its subsidiaries, (ii) a purchase, sale or transfer of a material amount of the assets of the Company or any of its subsidiaries, (iii) a tender offer for or other acquisition of securities by and/or of the Company, or (iv) a material change in the present capitalization or dividend policy of the Company; to retain such persons as may be necessary or appropriate to advise or assist the Company and its officers and directors in connection with such negotiations, to make proposals and to enter into preliminary agreements, subject to subsequent approval by the Board, resulting from such negotiations, and to take any and all other action in connection with such negotiations as such officers may deem necessary or desirable;

RESOLVED, that disclosure at this time with respect to the parties to, and the possible terms of any proposals made in, or agreements which may result from, any negotiations and discussions referred to in the preceding resolution might jeopardize the continuation of any such negotiations or discussions, and that, accordingly, the officers of the Company be, and they hereby are, authorized and directed not to disclose publicly the terms of any such proposals or the possible terms of any such contemplated agreements, or the parties thereto, unless and until an agreement in principle has been reached;

RESOLVED, that the proper officers of the Company be, and each of them hereby is, authorized and directed, for and on behalf of the Company, to take all other action and to execute all other agreements and documents as such officers deem to be necessary or appropriate to effectuate each of the foregoing resolutions and to carry out the purposes thereof, the taking of any such action and the execution of any such agreement or document conclusively to evidence the due authorization thereof by the Board of Directors;

RESOLVED, that all actions heretofore taken by any officer or director of the Company in connection with the matters authorized in the foregoing resolutions be, and they hereby are, ratified and approved in all respects.

The Chairman advised that it would next be in order to receive reports of actions by Committees of the Board of Directors. At the Chairman's request, Judge Rifkind, Chairman of the Compensation Committee, reported, pursuant to Article I, Section 6, of the By-laws, the minutes of the Committee's meetings held on July 23 and August 26, 1985, which were ordered to be sealed for confidentiality and annexed to the minutes as Exhibits D and E, respectively. At the Chairman's request, Mr. Sayres then reported to the Board the action taken by the Executive Committee on August 1, 1985, approving the Company's sale of certain inventory, trademarks and intangibles related to the Balmain product line, expected to produce a gain of

Pantry Pride bid. Mr. Lipton indicated that the options available to the Board of Directors to deal with a junk bond financed hostile tender offer were limited and that no technique had been developed that was assured of being successful. Mr. Lipton stated that management, together with Lazard Freres and the Company's legal advisors, had developed a program to recommend to the Board of Directors that was designed to protect and maximize shareholder values.

Mr. Lipton stated that he would summarize for the Board of Directors a management recommendation involving a two-part approach. The first part would be to provide the shareholders with immediate benefit of a share repurchase program for up to 5 million shares. The purchases would be made in the marketplace from time to time at the discretion of management provided that the maximum amount to be spent would not exceed $250 million. Mr. Lipton stated that Lazard Freres had recommended that the Company adopt such a repurchase program and had advised the Company that the planned repurchases would not have a material adverse effect on the Company's financial capacity. Mr. Lipton stated that, although he understood that some modifications of the Company's credit agreements would be necessary to effect the buyback, management had advised that these modifications were readily obtainable. Mr. Lipton stated that the stock repurchase program was

designed to satisfy shareholder expectations of a market for their shares and to remove arbitrage pressure on the stock.

The second aspect of the management recommendation, Mr. Lipton explained, was designed to give the Board the chance to protect shareholders against a low-priced transaction for any and all shares or against a two-tier transaction. Mr. Lipton stated that the management was recommending for adoption a Note Purchase Rights Plan which was designed to achieve these objectives. He stated that the Plan is designed to preserve the values of the Company for its stockholders. Mr. Lipton noted that the Plan involves distribution of one Note Purchase Right for each outstanding share of common stock as a dividend on the common stock. He said that until such time as a person or group acquired beneficial ownership of 20% of the outstanding shares, the Rights would trade along with the shares but that after such a 20% acquisition, the rights certificates would be issued to all shareholders except for the 20% stockholder and that holders of rights certificates would be entitled to purchase $65 principal amount of the Company's 12% one-year notes, unless the 20% acquiror announced and promptly consummated an all cash acquisition at $65 a share or more.

Mr. Lipton then went on to review with the members of the Board the memorandum that was presented to each director

which contained a summary of the Plan and of the 12% one-year notes issuable upon exercise of the Rights. Mr. Lipton stated that drafts of the legal documentation necessary to implement the Plan, which had been prepared by Wachtell Lipton and reviewed by the Company's inside counsel, by its regular outside counsel and by the Delaware law firm of Morris, Nichols, Arsht & Tunnell, were present before each director.

Following his review of the Board memorandum, Mr. Lipton described the Plan in terms of the context of what the Rights are designed to accomplish. He stated that in the event of an all cash offer for the Company at $65 per share, the Rights would do nothing. With respect to an offer at $45 per share, the Rights could be effective and could protect against a low-priced second-step. The Rights were thus designed to provide incentives to potential acquirors to pay a full price or to negotiate with the Board, which would have the bargaining power to negotiate a full price. Mr. Lipton noted that the Rights are structured so that the one-year notes would come before the Pantry Pride debt and that they contained certain covenants which would make the notes come due in the event a new acquiror took action which could decrease the creditworthiness of the Company or the value of the notes. Mr. Lipton noted, however, that the Rights were designed so as not to interfere with the Company's financing flexibility.

Mr. Lipton stated that the Rights would not make the Company takeover proof. He noted that the offeror could condition his offer on a high minimum number of shares and Rights being tendered; thus the cost imposed by the Rights would be diminished. However, Mr. Lipton noted that in order for such a strategy to be successful, the bidder would most likely have to pay a full price, thereby achieving one of the Plan's objectives.

In response to a question from Mr. Wilson, Mr. Lipton said that the $65 exercise price was chosen by the Company after consultation with Lazard Freres and that it represented management's opinion of a reasonable asking price for the Company's shares but that it was not an indication that the Company was for sale at that price or at only that price or at any other price. Mr. Lipton did note, however, that the Rights would be viewed as a "poison pill" by institutional investors, particularly in light of the $65 price in relation to current market levels, and therefore that the Board might be faced with a proxy fight to adopt shareholder resolutions urging the Board to redeem the Rights. Lipton described similar proxy fights at Phillips Petroleum, Crown Zellerbach and Rorer.

In response to a question, Mr. Lipton reviewed the redemption feature of the Rights, pointing out that the Rights

were redeemable by the Board of Directors at any time before a person or group acquired beneficial ownership of 20% of the outstanding shares. Thus, the Rights were designed not to interfere with a white knight transaction prior to a 20% acquisition and to encourage potential bidders to negotiate with the Board of Directors. Mr. Lipton noted that the 20% beneficial ownership level approached the point where an acquiror might be able to obtain de facto control of Revlon and that a 20% trigger had been used by several other companies that adopted rights plans. He stated that it would be unlikely that someone could surprise the Company by becoming the beneficial owner of 20% of the shares because of various filing requirements under the securities and antitrust laws.

Mr. Lipton concluded his summary of the rights by pointing out that although they may not prevent a takeover of the Company, they do give the Board of Directors additional time to develop alternatives. He noted that the Rights would likely interfere with Pantry Pride's proposed financing for its offer, particularly in light of the fact that the one-year notes would be senior to Pantry Pride's debt. In addition, he indicated that the Rights would create something of a pricing dilemma for Pantry Pride because of the protection they offer.

Mr. Lipton then commented on the legality of the

Note Purchase Rights Plan. He stated that the Plan is very similar to a Note Purchase Rights Plan adopted by Phillips Petroleum Company in February 1985. He noted that the Phillips plan had been before the Delaware Chancery Court in a shareholder derivative lawsuit brought against Phillips to enjoin a special meeting of Phillips stockholders scheduled to be held to consider the recapitalization plan that emerged from Phillips' settlement with Mesa Petroleum. Mr. Lipton stated that, in the Phillips case, the Delaware Chancery Court refused to enjoin the special meeting. Mr. Lipton noted that the Phillips litigation is continuing and that it is possible that it could result in a ruling on the legality of the Note Purchase Rights under Delaware law. Mr. Lipton then noted that a different kind of Rights Plan, although designed to achieve similar objectives, was upheld by the Delaware Chancery Court in the Household International case and is being appealed to the Delaware Supreme Court. He also noted that the courts in the Johnson Controls and Southwest Forest cases refused to grant injunctive relief against Rights Plans of the Household variety. Mr. Lipton noted that the plans adopted by Asarco and AMF had been struck down by federal courts applying New Jersey law, but that the Note Purchase Rights Plan being proposed was different in concept and effect from the plans that were held illegal in those cases. Mr. Lipton noted that the Delaware law firm of Morris, Nichols, Arsht & Tunnell,

which Wachtell Lipton had consulted with in preparing the Rights Plan, was currently defending the litigation against the Phillips Rights Plan together with Wachtell Lipton. Mr. Lipton stated that in the opinion of Wachtell, Lipton, Rosen & Katz, the Note Purchase Rights Plan was legal and that the adoption of such plan was within the Board's business judgment.

Mr. Lipton then commented on the role of directors in takeover matters. He stated that although there had been a vigorous debate among legal scholars on the role of directors in takeover bids, that debate appears to be settled by recent case law, particularly the Unocal and Household International cases, with the result being that directors do in fact have a role to protect shareholders and that they are not obligated to sit passively by in the face of a premium bid. Mr. Lipton stated that the cases hold that the business judgment rule applies to the actions of directors in considering takeover bids. He explained that the business judgment rule provides that a decision of directors in their business judgment - made in good faith, with a reasonable basis, and in what they believe is in the best interests of shareholders -- will not be second-guessed by the courts and will not subject directors to personal liability. Mr. Lipton stated that the decision whether to adopt the recommendations made by management was within the Board's business judgment and would be governed by the business judgment rule. He then stated that,

in his opinion, the Directors had before them adequate information to provide a reasonable basis to make a decision with respect to the recommendations made by management. He stated that the Directors' only obligation was to consider the matters presented in good faith and to make a decision, but if they should desire more information prior to making their decision, they were free to inquire and they should inquire to obtain the information they need.

A discussion then ensued concerning the management recommendations as outlined by Mr. Lipton. Mr. Wilson asked, as to the position of the Board of Directors, should Pantry Pride commence an offer conditioned upon redemption of the Note Purchase Rights and end up with 70% of the stock tendered. Mr. Lipton stated that the Board of Directors would have to make a determination at that time as to the appropriate course of action. In any event, Mr. Lipton stated, the Board of Directors would have time to make a decision as to what would be in the best interests of shareholders - time that would not have existed but for the Rights.

Mr. Rohatyn then commented that although he personally was not enamored with the Note Purchase Rights, they should be viewed as necessary to protect against the evil of a takeover bid at a grossly inadequate price. Responding to a question, Mr. Rohatyn commented that if the Rights were to

become exercisable for Notes, the result could be a liquidation of the Company, but that the Company could assess the alternatives prior to the 20% acquisition and determine what course would be in the best interest of shareholders. He stated that the $65 price was not intended to be the only sales price that would be acceptable to the Company but just a reasonable asking price and that it should not imply that the Company could not receive fairness opinions at other prices.

Mr. Lipton responded to a question from directors as to why the rights of a 20% acquiror would become null and void upon such 20% acquisition by stating that this feature was necessary to achieve the purpose of the Rights. Otherwise, Mr. Lipton stated, an acquiror could in effect force its own greenmail. He noted that Carl Icahn attempted to do precisely that in the Phillips Petroleum situation before he was advised that the Phillips rights issued to a 20% acquiror would have become null and void. Responding to another question from a director, Mr. Lipton pointed out that in his opinion it was not likely that there would be a frivolous acquisition of 20%. He stated that it would not be in the economic interest of an acquiror to play "chicken" with the Board of Directors at that level of investment. He also noted that in most circumstances the Company would have ample notice of such a 20% acquisition because of filing requirements under the antitrust and securities laws.

Judge Rifkind then indicated that he would like to make a statement. Judge Rifkind stated that he had, as the Board was aware, a relationship with MacAndrews & Forbes and Mr. Perelman that had lasted for quite some time. Judge Rifkind stated that he had been on the MacAndrews & Forbes board until this morning when he resigned on learning that Pantry Pride was prepared to make a hostile takeover bid against Revlon. He also recounted his long association with Revlon. Judge Rifkind stated that he was aware and the Board members should be aware that the Note Purchase Rights Plan would be characterized as a "poison pill". He said that as a general proposition he was not, and he did not believe anybody was, in favor of such poison pill devices. However, he stated that in his view the alternative - the dismantling of Revlon at an inadequate price so that Pantry Pride could make a "quick buck" - was a far worse alternative. He stated that in his opinion Revlon had a bright future in which significant value could be created for its shareholders. He also stated that Revlon could continue to benefit its employees, customers, suppliers and the other constituencies which it serves. Accordingly, Judge Rifkind stated that the Note Purchase Rights Plan, even if it were a "poison pill", was a necessary medicine in light of the situation, and he strongly recommended its adoption by the Board of Directors.

After further discussion, the resolutions presented to the Board were moved for approval. Mr. Lipton reviewed such resolutions with the Board of Directors. It was noted that the resolutions provided for a committee comprised of Messrs. Bergerac, Glucksman and Zilkha to review implementation of the resolutions prior to public announcement of the actions taken in light of potential developments. It was the consensus of the Board, however, that Mr. Bergerac should cancel his scheduled 5:00 P.M. meeting with Mr. Perelman, unless there were further developments. All the resolutions were unanimously adopted.