Exhibit D

PRIVILEGED AND CONFIDENTIAL
DRAFT SUBJECT TO REVIEW

[Insert for Minutes of Revlon Board Meeting held on October 1, 1985 at the principal executive offices of Revlon, Inc .]

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

The Chairman thanked the directors for coming together promptly once again at this special meeting. The Chairman then stated that the purpose of the meeting was to summarize recent events and to bring the directors up to date. He noted that the principal purpose of the meeting was informational and that the Company's legal and financial advisers were present in order to give their advice and to respond to the questions of the directors. The Chairman then recounted for the directors the developments since the previous Board meeting. He said that Pantry Pride had sent a letter to the Company on Friday, September 27, stating that if Revlon's Board of Directors would waive certain of the covenants in the securities issued by the Company in its recent exchange offer and would redeem the Note Purchase Rights declared as a dividend by the Board of Directors on August 19, 1985, Pantry Pride would consider entering into an agreement with the Company pursuant to which all the Company's stockholders would receive $50 per share in cash. He noted that on the

afternoon of the current meeting, very shortly before the Board meeting had originally been scheduled to convene, he had learned that Pantry Pride had stated that if these same actions with respect to the exchange offer securities and the Rights were undertaken Pantry Pride would amend its tender offer to pay $53 in cash for each share of common stock of the Company. However, he emphasized that Pantry Pride had stated that this offer to pay $53 per share was conditional on the Board's acceptance of the proposal at the Board meeting currently convened.

The Chairman informed the directors that in addition to these events involving Pantry Pride, discussions were being undertaken with a third party regarding a leveraged buyout offer for the Company as a whole. He noted that certain of the financing agreements necessary in connection with such proposal had been completed and that some were still being negotiated. He informed the directors that the proposed price which all stockholders would receive in cash pursuant to the terms of the proposed leveraged buyout was higher than the $53 per share that Pantry Pride had stated it would be willing to pay if the directors accepted its revised proposal at the meeting. He advised the directors that it was contemplated that management might participate in the leveraged buyout but that this issue had not been resolved.

R701343

The Chairman also recounted for the directors that late the afternoon of that meeting a major U.S. corporation had expressed its interest in discussing a business combination involving the entire Company. The Chairman stated that this corporation was aware of the revised Pantry Pride proposal.

The Chairman then asked Mr. Loomis of Lazard Freres & Co. to comment upon the various events he had described and the proposals regarding possible business combinations involving the Company.

Mr. Loomis emphasized that Pantry Pride's $53 per share offer was conditioned on its being accepted by the Board of Directors at the meeting currently being held. He stated that pursuant to Pantry Pride's proposal, Pantry Pride would agree to amend its tender offer, which was currently at $42 per share, to pay $53 per share. Mr. Loomis stated that it was Lazard Freres' view that more than $53 per share could be realized pursuant to an alternative transaction or a liquidation of the Company and that a determination as to the best transaction for the stockholders could most appropriately be made following evaluation of all bids and further review of the possibility of complete liquidation.

The Chairman then asked Mr. Arthur Liman of Paul, Weiss, Rifkind, Wharton & Garrison to comment upon the various matters.

R701344

Mr. Liman stated that during the period immediately before the meeting was scheduled to convene, Pantry Pride had offered to increase its offer and a major company had expressed its interest in a business combination involving the Company. Mr. Liman noted that therefore there was not merely the proposal of Pantry Pride, as before, but also the proposal relating to the leveraged buyout and the possible business combination with the other company.

Mr. Liman stated that the Board would recall that Pantry Pride had initially approached the Chairman with discussions of a price for the whole company in the range of the low $40s per share. He recited that since that time the Company had received other indications of interest at substantially higher prices. Mr. Liman stated that it seemed that the offers were in a state of flux at the present time and that it was the opinion of his firm that the Board, in order to carry out its fiduciary duties as required under Delaware law, should not let itself be stampeded into ending the auction at this meeting.

He also noted that the Board's duty included considering the price that stockholders would receive under the various offers and a determination of whether it would be advisable to waive the covenants in the exchange offer securities and to redeem the Rights. He stated that in the proper

BT01345

exercise of the Board of Directors' business judgment they could not decide at that meeting which proposal to recommend.

In response to a question of the directors, the Chairman stated that the stock had closed today above $50 a share and that the volume had been approximately 1,000,000 shares. A director inquired regarding the likely timing of the offer from the public company. The Chairman stated that the Company proposed to do a quick due diligence survey of the Company to see if they were interested in pursuing the transactions further and that the Company anticipated that a price might be received from them at the beginning of the next week.

In response to question from a director, Mr. Liman stated that all of the proposals discussed would result in capital gains treatment for the Company's stockholders.

A director noted that the provisions in the covenants that would be waived under the terms of various proposals presented to the Board and the Rights themselves, had been recently adopted by the Board of Directors. Mr. Liman stated that from a legal point of view, the directors had to decide, in the exercise of their best business judgment, whether there would be adequate coverage for the debt securities should the covenants be waived.

R701546

Mr. Rohatyn recounted for the Board that since the covenants had been placed in the exchange offer securities and since the Rights had been declared, various events highly beneficial to the Company's stockholders had followed. Mr. Rohatyn summarized these events, noting that following Pantry Pride's original bid of $47.50 per share, a substantial percentage of the stockholders had received $57.50 per share in aggregate face amount of the exchange offer securities and that the Company had now received a bid of $53 in cash, a leveraged buyout proposal at a price in cash greater than that price, and that a major U.S. company, obviously realizing its need to be competitive, was also considering a transaction with the Company, presumably in the same higher price range. The Chairman noted that the Board's actions had prevented Pantry Pride from acquiring the Company at a bargain basement price to the detriment of the Company's stockholders and that the steps the Board had taken had enabled the Board to act to enhance stockholders' values.

The Chairman indicated that a press release would be issued the next morning, if the Board approved it. He noted that the release asked Pantry Pride to hold its proposal open in order to give to the Board the opportunity to consider it along with other proposals. At this point Mr. Simmons was asked to read the press release to the meeting. Mr. Simmons read the release, as follows:

R701347

[Insert release read]

Mr. Liman stated that the release was proposed to be issued on the morning of October 2, 1985.

The Chairman inquired as to whether the directors would be interested in further discussions regarding liquidation of the Company. Several directors stated that they would be so interested. In response, Mr. Loomis indicated that at prior meetings there had been discussions regarding sales of parts of the Company and of the Company as a whole. He noted that since that time there had been preliminary indications from various parties regarding certain transactions. He stated that there had been a high degree of interest in different parts of the Company. These indications and discussions led Lazard Freres to conclude that, if it were to be advisable, it would probably be practicable to achieve premium prices for the various parts of the Company upon the sales of divisions, although there were certainly risks inherent in any liquidation such as timing, assumption of debt, and similar factors. However, Mr. Loomis stated that Lazard Freres was confident as to valuation ranges that had previously been discussed and that Lazard Freres' confidence was reinforced by the specific discussions in which Lazard Freres had participated. In response to a question from a director, Mr. Loomis indicated that the liquidation

R701348

price per share would be higher than the present $53 proposal, although he noted that due to the timing and the risks inherent in a liquidation process, the Board of Directors would need to evaluate any transaction it considered as a whole.

R701349

Exhibit E

PRIVILEGED AND CONFIDENTIAL
DRAFT SUBJECT TO REVIEW

Draft of Board meeting minutes held on October 3, 1985

Insert introductions, call to order, persons present etc.

A motion was made to defer reading the minutes from the preceding Board meeting. The motion was made, seconded and passed.

The Chairman thanked the directors for coming together again for the special meeting. He stated that the purpose of the meeting was the consideration of proposed transactions involving the Company. He stated that Forstmann Little & Co. would present a proposal regarding a cash merger with the Company and that Adler & Shaykin would then explain its proposed transaction involving the Company's Beauty Group. Following these presentations, Mr. Brownstein of Wachtell, Lipton, Rosen & Katz would describe the details of both of the proposed transactions and of the various agreements relating to the transactions. Then, Lazard Freres & Co. would deliver its opinion regarding the proposed matters. The Chairman stated that when the details of the transactions had been described, there would be ample opportunity for a discussion among the directors and for the directors to ask questions of the advisers.

The Chairman recounted for the directors the various proposals that had been received regarding the Company since the acceptance of the Company's common stock (the

"Shares") under the Company's Exchange Offer on September 12, 1985. First, he noted that, on September 13, 1985, immediately following the Company's announcement that it had accepted Shares in the Exchange Offer, Pantry Pride terminated its prior $47.50 per Share offer and commenced a new $42 per Share tender offer for all the Shares. He stated that on September 27, Pantry Pride had written a letter to the Company to the effect that it would increase its offer to $50 a share, conditioned upon the waiver by the Board of certain covenants in the exchange offer securities and upon the redemption of the Rights. He noted that on October 1, Pantry Pride had indicated to the Company its willingness to increase its offer to $53 per share, subject to the same terms and conditions, provided that the Board agreed on October 1 to accept the revised Pantry Pride proposal.

The Chairman stated that, in his opinion the primary objectives of the Board included preventing the acquisition of the Company at a bargain price and assuring that stockholders would get a good value for their investment in the Company and assuring that any actions taken were fair and reasonable for the 30,000 employees of the Company.

R701309

The Chairman summarized the proposal of Forstmann Little stating that under that proposal each shareholder would receive $56 a share in cash for all his shares. The proposed transaction did not have any lock-ups and did not prevent the Board from considering an alternative more favorable offer for the Company. He emphasized that the proposal was not subject to financing although it was subject to consummation of the transaction with Adler & Shaykin, which he would describe. The Chairman noted that he and certain other members of the senior management of the Company would acquire approximately 25% of the equity of the company to be organized by Forstmann Little. He noted that the terms and conditions of management's participation were not yet determined, but that under one possible method of participation, about half of management's participation would be purchased for cash and about half would be financed by loans bearing an interest rate of 11-1/2%.

The Chairman stated that there was also a proposal by Adler & Shaykin to acquire the Company's beauty products operations for approximately $900 million. The Chairman noted that this proposal also was not subject to financing. He also noted that this proposal was independent of the Forstmann Little transaction.

R701310

The Chairman noted that the Company's management and financial advisors believed that the possibility of a liquidation of the Company, which the Board had previously discussed, was subject to many uncertainties and risks and that accordingly a liquidation of the Company would not be more favorable than the proposals being presented.

In response to a question of a director, the Chairman noted that Forstmann Little would receive a breakup fee of $25,000,000 in the transaction, which would be discussed in greater detail later in the meeting. In response to a question of a director regarding the treatment of the Company's 30,000 employees, the Chairman stated that the pension plan and certain other employment practices of the Company would be continued. He said that the operating people in the Company's divisions would likely retain their jobs following the consummation of the proposed transaction, as the divisions would continue as operating entities, but that the central corporate group of the Company was likely to be adversely affected. He noted that in the future, the Company would try to make reasonable efforts to place and help the individuals in such group and that the Chairman might ask Board members for help and assistance in doing this.

R701311

At this point, the Chairman introduced the guests at the meeting, noting that two members of the firm of Cleary, Gottlieb, Steen & Hamilton, Mr. Terry Cone and Mr. Daniel Sternberg, were present representing one director, Mr. Glucksman.

At this point, the representatives of Forstmann Little were invited into the meeting. Mr. Theodore Forstmann, Mr. Nicholas Forstmann, Mr. Brian Little of Forstmann, Little, and Mr. Stephen Fraiden, a member of Fried, Frank, Harris & Shriver, counsel to Forstmann, Little, entered the room.

Mr. Forstmann summarized the terms of his proposal. He stated that he was proposing a cash merger pursuant to which all stockholders would receive $56 in cash per Share. He indicated that, pursuant to the terms of the merger, the surviving entity would assume all of the outstanding debt of the Company, including the $475,000,000 aggregate principal amount of the Company's 11.75% Senior Subordinated Notes due 1995 recently issued by the Company in its exchange offer. Mr. Forstmann stated that the aggregate value of the transaction would be valued at approximately $3 billion, including the assumption and refinancing of certain debt. Mr. Forstmann

R701312

noted that his company would commit $445,000,000 in cash to the new entity and would use the proceeds of the sale of the cosmetics business, which he noted were expected to be approximately $900,000,000, as part of the financing. In addition, the remainder of the financing, $1.2 billion, was covered by bank commitment letters. Mr. Forstmann stated that of a total $1.2 billion bank commitment, Manufacturers Hanover Trust Company and Bankers Trust Company would each provide $400 million themselves (for a total of $800 million) and that the two banks would jointly syndicate the balance of $400 million.

Mr. Forstmann informed the Board that Forstmann Little had reached an understanding to sell the Norcliff Thayer and Reheis divisions to American Home Products for approximately $355 million, that such sale would be consummated immediately after the closing of the proposed merger, and that such sale was conditioned on the consummation of the merger he was proposing.

A director asked a question regarding the conditionality of his cash merger proposal. Mr. Forstmann responded that the proposal was not subject to a financing condition and that it was only subject to certain customary

CONFIDENTIAL

R701313

merger conditions, such as the shareholder approval required under Delaware law. He emphasized that there was no financing condition.

Mr. Lipton, of Wachtell, Lipton, Rosen & Katz was given the opportunity to ask Mr. Forstmann certain questions regarding the financing of the transaction. He inquired of Mr. Forstmann where Forstmann Little's own investment would rank in the overall capital structure of the newly formed company. Mr. Forstmann stated that the newly formed company would include $70 million of common equity and $375 million of debt. Both the debt and equity would be subordinated to the Company's 11.75% notes issued in the exchange offer. Accordingly, all of Forstmann Little's investment of $445 million would be subordinate to the 11.75% Notes.

Mr. Lipton then inquired as to who would be participating with Mr. Forstmann's group in the $445 million investment. Mr. Forstmann responded that pension funds of various well-established organizations and insurance companies would be the principal participants. He noted these organizations included the pension plans of General Electric, Boeing, Standard Oil of Indiana, AT&T, General Telephone and Texas Industries and that they also included Kemper Insurance, and Aetna Insurance. Thus, it was noted that conservative, well-established organizations

CONFIDENTIAL

P701324

with fiduciary duties would be participating with Forstmann Little in investments junior to the 11.75% Notes.

Mr. Lipton also inquired as to Mr. Forstmann's estimates of the projected debt service coverage for the next two to three years and as to his plans for the 11.75% Notes. Mr. Forstmann responded that his projections indicated eleven to twelve times interest coverage on the bank debt, and that for the second year, if subordinated debt was also included, coverage would be three and one-half times. By the fifth year it was expected that coverage would be four and one-half times. Mr. Forstmann also noted that his available financing exceeded the amount required to purchase Shares and that possibly certain of the additional funds would be used to take out the $9.00 Preferred Stock.

Mr. Lipton asked Mr. Glucksman and his attorneys if they had any questions for Mr. Forstmann. There were no questions. The Chairman then inquired as to whether anyone had any questions for Mr. Forstmann. There were no more questions. The Chairman thanked Mr. Forstmann for his presentation. He asked his group to stay in order to hear the presentation of Mr. Shaykin of Adler & Shaykin.

Mr. Shaykin then entered the meeting accompanied by _____, _____, Ms. Wachner and his attorney, Mr.

R701315

Jack Levin of Kirkland & Ellis. The Chairman invited Mr. Shaykin to explain his proposed transaction, the financing of the transaction and any other relevant factors.

Mr. Shaykin thanked the Board for having him to the meeting. He stated that Adler & Shaykin had been asked to make an offer for the cosmetics and fragrance division of the Company. He stated that they had arranged the financing and had received commitment letters from financial sources for the full price of $905 million. He noted that the consideration would be in the form of a $875 million cash payment and the assumption of foreign debt that was on the books of the division in the amount of approximately $30 million, subject to certain adjustments. He described the details of his financing commitment. Two banks, Manufacturers Hanover Trust Company and Bankers Trust Company, had jointly delivered, in equal amounts, a financing commitment (with Bankers Trust leading) in the aggregate amount of $495 million. He noted that the Equitable Life Assurance Society had also delivered a commitment letter for an aggregate of $409.5 million, $34.5 million of which would be equity and $375 million of which would be debt. Mr. Shaykin stated that $375 million of the financing would consist of $110 million of Senior Notes, $110 million of Senior Subordinated Notes, and $155 million of Zero Coupon Junior Subordinated

CONFIDENTIAL

R701316

Notes. He stated that Adler & Shaykin was itself committing approximately $42 million for the equity securities to be issued by the company formed to acquire the beauty division. Also, he stated that Adler & Shaykin expected to offer certain members of the cosmetic division's domestic and international management an opportunity to participate with Adler & Shaykin in the transaction and that as a result Adler & Shaykin was expected to contribute slightly less than $35 million.

Mr. Shaykin stated that he had negotiated with Forstmann Little and Revlon regarding Adler & Shaykin's role in the transaction and that throughout the negotiations, Company attorneys and Company representatives had been present and that they had been satisfied with the terms of the asset sale contract. He emphasized that his proposal was not subject to financing and that it was not subject to a shareholder vote. Finally, he noted that the proposal would be a contract with the Company directly, and was not contingent on, although it would also help to finance, the Forstmann Little proposal.

A director inquired regarding management participation. Mr. Shaykin reiterated that only cosmetics division management would participate in his proposal. He

R701317

stated that no contacts with cosmetics division management had been made yet, as he had been requested not to talk to such management because the Company did not want to upset the current workings of the management under the circumstances. He stated, however, that he contemplated that certain members of the cosmetics division management would have the opportunity to participate on the same terms as Adler & Shaykin and that he was thinking that they would have approximately 15% of the total equity.

The Chairman asked if there were any more questions. There were no more questions and the Chairman thanked Mr. Shaykin for his presentation.

At this point there was a question regarding the financing as to whether both parts of the financing were unconditional. The Chairman and certain of the Company's advisers reiterated that the financing of both the asset sale and the merger were unconditional.

Mr. Brownstein of Wachtell, Lipton, Rosen & Katz was then asked to summarize the details of the proposed transactions. Mr. Brownstein stated that for the last day and a half, Ms. Thoyer of Paul, Weiss, Rifkind, Wharton & Garrison and Mr. Brownstein himself, and certain of their partners, had been negotiating with various representatives of Adler &

R701318

Shaykin and Forstmann Little. Mr. Brownstein stated that he would summarize the terms and conditions of the transactions and the various agreements and that he would then be available to answer any questions the directors might have.

Mr. Brownstein began by summarizing the Merger Agreement. He stated that under the proposal, the Company would enter into a cash merger agreement with a company to be formed by Forstmann Little. Pursuant to the terms of the Merger Agreement, each share of common stock would be converted into the right to receive $56 per Share. The two outstanding series of preferred stock, namely the Company's $9.00 Cumulative Convertible Exchangeable Preferred Stock, stated value $100 per share, recently issued by the Company in its exchange offer, and the Series A Preferred Stock, would each be converted in the merger into a separate newly issued mirror Preferred Stock in the surviving corporation with the same respective relative rights, preferences and designations as the currently outstanding preferred stock, except that each series of the new stock would be convertible into cash instead of into common stock. Mr. Brownstein at this point noted that some of the extra Forstmann Little financing could be used for the redemption of the Preferred Stock, but that this was not mandated by the Merger Agreement. Mr. Brownstein noted that the Merger Agreement was

R701319

conditioned upon consummation of the proposed sale of the Beauty Group. Mr. Brownstein continued to summarize the terms of the Merger Agreement, noting first that the conditions to which it was subject were typical under the circumstances. He stated that the shareholder vote required by Delaware law was a condition of the Merger, in addition to the receipt of certain legal opinions from the Company's legal advisers and the absence of any material adverse change in the Company's business between the date of the execution of the Merger Agreement and the consummation of the merger. He noted that there was also a condition that there be no pending or threatened material litigation and that the Company redeem the Note Purchase Rights, effective upon consummation of the merger, in order to facilitate the transaction. He noted that there were also typical representations and warranties in the Merger Agreement and that there was a requirement that these representations and warranties be true and correct as of the execution of the agreement and as of the closing of the merger. Mr. Brownstein noted that all of the representations and warranties in the Merger Agreement were qualified by a materiality standard with respect to their impact on the Company's business and prospects. He also noted that shareholder approval of the Merger Agreement would constitute approval of a plan of liquidation for purposes of Section 337 of the Internal Revenue Code of 1954, which would encompass the Adler

R701320

& Shaykin transaction and the Merger and that in adopting the Merger Agreement the Board was also adopting the plan of liquidation.

Mr. Brownstein stated that the Merger Agreement was not subject to financing on the part of Forstmann Little and that it was an unconditional obligation in that respect. In addition, he noted that Forstmann Little had represented in the Merger Agreement that it had financing in order to complete the merger, including approximately $445 million of its own funds and $1.2 billion of bank credit. He noted, however, that the Merger Agreement was conditioned on the sale of the Company's Beauty Group to Adler & Shaykin for approximately $900 million, subject to certain adjustments, and that this $900 million would provide additional financing. Mr. Brownstein noted that, as he would later describe, the Adler & Shaykin agreement was not subject to financing. Mr. Brownstein noted that this Merger Agreement did not have a provision prohibiting the Board of Directors from "shopping" the Company. He noted that the only provision in this Agreement relating to the shopping of the Company was that the Company was obligated to notify Forstmann Little if another acquirer proposed a business combination involving the Company. Thus, Mr. Brownstein stated that the Merger Agreement did not preclude alternative bids.

R701321

He noted that the Rights would be redeemed conditioned upon consummation of the merger, and that there was also a provision in the Merger Agreement providing that the Rights could be redeemed in order to enable Forstmann Little to close the transaction or to enable the Board to facilitate another deal pursuant to which all stockholders would receive $56 in cash or more per Share for all their Shares (although this later provision would not be in effect for ten days). Thus, he noted, the Board would still be able to redeem the Rights in order to facilitate an offer that was more favorable to the Company's stockholders than the Forstmann Little proposal.

Mr. Brownstein noted in response to an earlier question of a director relating to the treatment of employees, that the coverage of employees in the Merger Agreement is fairly typical for agreements of this kind. First, he noted that all employees' stock options would be cashed out, subject to the consent of the holders, with the holders thereof receiving the spread between the exercise price and the merger consideration. He noted that it was a condition of the merger that the stock options all be cashed out, as it was unacceptable to Forstmann Little to have anyone be able to exercise an option for the equity of the continuing company. He noted also that there was a provision in the Merger Agreement that

R701322

it was the intention of Forstmann Little to give benefits to the Company's employees that were no less favorable in the aggregate than those given before the transaction.

Mr. Brownstein then summarized certain elements with respect to fees and expenses. He noted that the Company had agreed to assume Forstmann Little's expenses and to pay Forstmann Little a $25 million breakup fee if the merger were not consummated. He emphasized that the $25 million fee was above the expenses that would otherwise be assumed in the merger. He noted however, that neither the fees and expenses nor the $25 million fee would be payable if the Merger Agreement was terminated because of Forstmann Little's breach or nonperformance. He did note, however, that Forstmann Little would be paid if the merger was not consummated because Forstmann Little was outbid by another bidder.

In response to a question from a director as to continued indemnification, Mr. Brownstein noted that officers and directors' insurance would be continued for a period, and that the current By-Law with respect to indemnification would be continued. However, it was noted that even if the insurance coverage did not continue, Forstmann Little had agreed to allow the By-Law covering indemnification to remain in effect, which would have the

R701323

effect of making the Company a self-insurer. He also noted that the Merger Agreement provided for the indemnification of all parties for all actions taken with respect to these transactions.

Mr. Brownstein then summarized the provisions of the Merger Agreement regarding the covenants in the $9.00 Preferred Stock and 11.75% Notes issued by the Company in the Exchange Offer. Mr. Brownstein noted that it was a condition to the closing that certain covenants in the 11.75% Notes be waived with respect to debt to be assumed in the merger. He stressed, however, that although Forstmann Little had received binding commitment letters, they did not yet have definitive financing agreements. Action with respect to the waiver of the covenants in the 11.75% Notes or the Preferred Stock would be undertaken when the Board had the definitive financing agreements before it. Mr. Lipton emphasized that the Board should only waive the covenants in response to a specific capital structure or proposal for dealing with the 11.75% Notes so that they could be sure that the 11.75% Notes would be protected. Because no definitive agreements had been executed yet and not all the financing details presented, they should not therefore undertake any such action at the current time. He emphasized that although the Board was not taking action at this time, they were indicating acceptance of the Forstmann, Little capital structure and that

R701324

Forstmann, Little was being lead to believe that the Board would waive the covenants. Mr. Lipton emphasized that the question of redeeming the rights and covenants were different and that the Rights could be redeemed in order to facilitate any transaction more favorable to stockholders than the Forstmann Little proposal. Mr. Lipton noted that the waiver of the covenants and the LBO capital structure would adversely affect the marekt price of the 11.75% Notes, but this had been provided for in the documents which fully disclosed the possibility of waiver.

In response to a question of a director regarding what the waiver of the covenants would do to the security of the 11.75% Notes, Mr. Lipton noted that the 11.75% Notes might not be as secure as they would be now and that there might be some complaint from bondholders.

In response to a question of a director, Mr. Lipton explained that if there were another offer for the Company, the only requirement under the merger agreement was that notice be given to Forstmann Little. He stated that the significance of giving notice to Forstmann Little was that Forstmann Little would then be in a position to consider bidding against any other potential bidder. Mr. Lipton noted that the obligation to Forstmann Little is to inform Forstmann Little if a third party wanted to negotiate with the Company.

R701325

He noted that this was an unusual provision as usually there is a no-shop provision in agreements of this type.

Mr. Brownstein, in response to a question, stated that the merger agreement had a "cut off" date of February 15, 1985, and that following that date either party could terminate the agreement.

In response to a question regarding the pension plan and the assets, Mr. Brownstein stated that there was no provision directly covering pension plans, only one relating to employee benefits generally. He noted however, that under applicable pension law, vested rights and accrued benefits were protected. The Chairman noted that the long-time employee of the Company who was worried if he would receive his pension would get his vested rights in the plan and that such rights were insured under federal law. He did note, however, that new debt might hurt the Company's ability to pay benefits arising in the future, but that this risk would inevitably be the result of any business combination involving the Company.

Mr. Brownstein then turned to summarize the asset sale agreement with Adler & Shaykin. He noted that the assets of the Beauty Group would be sold to a group of participants led by Adler & Shaykin for $875 million in cash and that Adler & Shaykin would assume the principal business of the Beauty

R701326

Group. He noted that this was a different structure from that of the Merger Agreement. Here the division would be divided out from the rest of the Company. After October 31, 1985, the Beauty Group's operations would be run for the account of Adler & Shaykin. The money generated by the Beauty Group after October 31 would therefore be for the account of Adler & Shaykin. As of October 31, all intercompany debt between the Beauty Group and the remaining Revlon businesses would be netted out to zero. Mr. Brownstein emphasized that the asset sale would be final if the Board of Directors decided to approve it at the meeting. Whether the Forstmann Little transaction was also consummated was irrelevant.

He explained that the timing of the Adler & Shaykin deal would be influenced by the course of events in the Forstmann Little transaction. In adopting the Merger Agreement, the Company and its shareholders would also be adopting a plan of liquidation pursuant to Section 337 of the Internal Revenue Code of 1954, as amended, (although this would not constitute a plan of liquidation for corporate law purposes). For favorable tax treatment, the sale to Adler & Shaykin would follow the stockholder vote on the merger and plan of liquidation. If no vote were taken by January 15, 1986, the deal with Adler & Shaykin would close without such vote and the benefit of Section 337 would be lost. Mr. Brownstein noted

R701327

that in such event, Revlon would be subject to tax on its gain from the sale of the Beauty Group.

In response to a question of a director regarding the name "Revlon" and the trademark "Revlon", Mr. Brownstein indicated that the Revlon name and trademark would be sold with the Beauty Group division to Adler & Shaykin.

Mr. Lipton noted that if Forstmann Little's transaction was not approved in November or December, it might still be possible to have a shareholder vote on a plan of liquidation under § 337. Thus, the tax problem could possibly be met. He noted that it was currently expected that a shareholder vote would be taken at the end of November or the beginning of December so that there was one month's leeway. If there was a hitch, the Company should be ready to go ahead with a Section 337 vote prior to January 15 to have the benefit of Section 337.

Mr. Brownstein noted that the directors must be aware that the Adler & Shaykin deal would also be available to finance any other bid for the Company. He emphasized that the sale of the Beauty Group was an unconditional sale, that there was no financing condition, and that there was no opportunity after Board approval to shop the division. He noted that the conditions to the deal were standard, princi-

R701328

pally consisting of the absence of a material adverse change in the business.

Mr. Brownstein noted that the Adler & Shaykin agreement provided that Adler & Shaykin would be paid $2 million expenses in the next few days in order to compensate them for their expenses to date. He also noted that they would receive liquidated damages under the agreement. In explaining this, he noted that Adler & Shaykin had a specific performance right pursuant to the terms of the Asset Agreement but that if the specific performance right failed, Adler & Shaykin would receive liquidated damages of $20 million to compensate them for their lost opportunities.

Mr. Brownstein then summarized the steps that would occur over the next week. He stated that the Company would issue a proxy statement for approval of the merger and of the plan of liquidation. This proxy statement would first be filed with the SEC for clearance and a meeting would probably occur in five to six weeks.

Mr. Brownstein stated that the Company had received and he had reviewed copies of the commitment letters from the lenders to Forstmann Little and Adler & Shaykin and that these commitment letters were relatively standard. Summarizing them briefly, he noted that Adler & Shaykin would contribute $42

R701329

million into the transaction and had commitments from Bankers Trust Company and Manufacturers Hanover Trust Company for $495 million in connection with the transaction. For such commitments, Adler & Shaykin had paid a commitment fee of $500,000. The Equitable Life Assurance Society had delivered a commitment letter for an aggregate of $409.5 million, $34.5 million of which would be equity and $375 million of which would be debt. The Forstmann Little financing consisted of a total of $1.2 billion from banks. This financing consisted of $400 million from each of Bankers Trust and Manufacturers Hanover Trust Company and $400 million from a syndicate to be formed by them. Forstmann Little had paid fees of $____ to obtain its financing commitments. He emphasized that these financing terms were subject to definitive agreements, a typical condition in such financing letters. Mr. Brownstein asked if the directors had any further questions as to the agreements and the financing. There were none. At that time the Chairman asked the representatives of Forstmann Little and Adler & Shaykin to leave the room so that a discussion could ensue and the opinion of Lazard Freres could be heard. The representatives then left the room.

Mr. Lipton stated that before Lazard Freres' opinion was heard, he thought it would be useful for him to recount a conversation between himself and Joseph Flom, counsel

R701330

for Mr. Perelman and Pantry Pride. Mr. Lipton stated that he had had lunch with Mr. Flom two days before the meeting to discuss a matter other than the Revlon matter. Mr. Flom had raised the Revlon matter and said that Mr. Perelman was very desirous of acquiring the Company or its cosmetics business and that Mr. Perelman was not going to go away. Mr. Flom said that Mr. Perelman really was interested in acquiring Revlon's cosmetics business and that if the Company would sell the cosmetics business to Mr. Perelman at Mr. Perelman's price, Mr. Perelman would drop his tender offer. Mr. Flom would not say what Mr. Perelman's price was, other than that it was somewhat higher than what he had previously offered. Mr. Lipton noted for the Board that the previous price range that it had been believed Mr. Perelman was considering was between $400 and $500 million, substantially less than the $900 million being offered for the division by Adler & Shaykin. Mr. Lipton stated that he had said that if Mr. Perelman would sign the confidentiality agreement given to other interested parties, the Company would give him all the information any other bidder had been provided with, and as the Company had stated in its press release, his bid would be considered along with all others. Mr. Flom said that Mr. Perelman would not give up his time advantage and that Mr. Perelman and his advisors were then meeting to consider what tactics would enable

R701331

them to acquire the Company at their price. Mr. Flom implied that Mr. Perelman would make a move on Friday.

Mr. Lipton noted that Pantry Pride might take the position that it would be possible for Pantry Pride at this point to increase the price offered in its tender offer and commence buying on Friday under its tender offer. Friday was the first day on which Pantry Pride could accept shares for purchase under such offer. He recounted for the Board that just before the Board meeting on Tuesday, October 1, Mr. Perelman had stated that if the Board were to accept the $53 offer, he would amend his tender offer and pay $53 immediately. If the Board approved the proposed transaction, the Company would no longer be free to talk to Pantry Pride about the cosmetics business. However, Pantry Pride would still be free to make a bid for the entire company. Mr. Lipton said that Mr. Perelman's price range for the Beauty Group was much lower than that currently being discussed with Adler & Shaykin. Mr. Lipton noted that the Company was faced with the situation in which Mr. Perelman might be able to buy control of the Company below the $56 per share price currently being offered by Forstmann Little. Mr. Lipton stated that Mr. Perelman had the cash to buy 51% of the Company at $56 or $57 a share. If Mr. Perelman did that, he could block the proposed deal. He could accomplish the same result were he

R701332

to buy on the open market. If Mr. Perelman were to accumulate a blocking vote, he would be relying on successfully litigating against the validity of the covenants in the Notes and the Rights in order to consummate his transaction.

Mr. Rohatyn stated that he wanted to express certain of his personal views, particularly to the independent directors of the Company, as someone who was an independent director on numerous other boards and who understood the situation that the independent directors were faced with. Mr. Rohatyn summarized for the directors the options the Board had. He noted that there was the $56 a share bid from Forstmann Little and the sale of the cosmetics business to Adler & Shaykin at $905 million. The only other bids that were on the table at that time was the $42 a share Pantry Pride tender offer and its offer for a merger at $50 or $53 a share. He noted that on Friday there could be cash purchases by Pantry Pride in its tender offer. He noted that the proposed merger was the only proposal on the table that could compete with the Pantry Pride bid. He stated that Forstmann Little's proposal was the only bid higher than Pantry Pride's to date.

Mr. Rohatyn noted that, in his opinion, the management participants in the proposed merger were not receiving a "bonanza". He noted that participation by management had

R701333

been a condition to Forstmann Little's willingness to proceed with the transaction. He emphasized that such participation was not risk free and that the management members should be viewed as making a contribution to the deal in order to get the shareholders a good price. Mr. Rohatyn noted that not only was the transaction not a bonanza, but that it also might be less attractive to some members of management than some of the blandishments offered to them by Pantry Pride at no risk.

Mr. Rohatyn noted that the sale of the Beauty Group at the $905 million price increased the attractiveness of the Company to other bidders who might not want to acquire the Beauty Group. Mr. Rohatyn noted that an advantage of the transaction is that it does not prevent a higher bidder. There were no lockups in the deal. The risk to the Company of losing this deal was that the Company would then be defenseless against Pantry Pride and Pantry Pride's ability to acquire Shares at an inadequate price. Mr. Rohatyn noted that while a liquidation could possibly bring a higher price, a liquidation was not practical in view of Pantry Pride's possible purchases of Shares the next day and in view of the other risks of timing and consummation of a liquidation. He reminded the Board that he had originally indicated that the price range of a liquidation was $60 to $70 a share, and that the midpoint of this range was $65 a share. He noted that a

R701334

15% discount (which results in $56 a share) to eliminate the time factors and risks inherent in liquidation was reasonable. Thus, he had no qualms at all about recommending the $56 a Share price being offered in the current transaction without any financing conditions as an alternative to liquidation with all its problems and risks regarding timing and consummation.

In response to a question of a director as to whether the sale of the Beauty Group for $905 million alone would decrease the risks upon liquidation, Mr. Rohatyn noted that that was not the case, that it could increase the risks involved in liquidation, since Pantry Pride would be able to go into the market on Friday to purchase Shares and the Company might not be able to complete the liquidation.

Mr. Loomis of Lazard Freres was then asked to give Lazard Freres' formal opinion to the Board. Mr. Loomis stated that Lazard had looked hard at both overall transactions and was familiar with their terms, and that Lazard had taken into account its knowledge of the historical and forecasted financial results and market conditions of the Company as well as certain other factors. He stated that he would deliver the opinions of Lazard Freres for the asset sale and the merger separately. With regard to the sale of the cosmetics business, he stated that Lazard was of the opinion that the $905

R701335

million price (subject to certain adjustments) was a fair price for the business. He stated with regard to the merger, Lazard was of the opinion that a $56 merger price was fair from a financial point of view as of this date. Mr. Loomis then reviewed the work Lazard had done to enable it to express its opinion.

In response to a question of a director regarding the estimate of the Forstmann Little expenses, Mr. Loomis stated that the Company did not know what they were exactly, but that they were probably substantial, probably in excess of $6 million. Mr. Lipton stated that the fees and estimates of the legal fees would probably be somewhat less than $10 million. Mr. Rohatyn noted that the aggregate breakup and fee payments to Forstmann Little came out to slightly over $1 a share and that that seemed like a reasonable payment for a "put" for all of the Shares, at $56 a Share, which was, in effect, what was being offered.

One director said that he was convinced by the put nature of the deal and the flexibility that it gave the Company to see other bids, and that he was therefore in favor of both the transaction and of the asset sale.

Mr. Lipton stated that it was the opinion of Wachtell Lipton and of Paul Weiss that the directors had all the infor-

R701336

mation before them necessary to exercise their business judgment as to approval of the transactions. Mr. Lipton noted that management would have approximately 25% of Forstmann Little's equity in the transaction. It was noted that management participation was a condition of Forstmann Little's entering into the deal. He then asked the management members to leave the room so that a discussion could ensue in their absence.

In response to a question of a director, Mr. Lipton stated that he would recommend that the independent directors of the Company vote to approve the transactions. He stated that he wanted to give the Cleary Gottlieb representatives the opportunity to ask questions. Mr. Glucksman stated that as far as the business deal is concerned, Mr. Rohatyn had summarized everything very well, that Mr. Glucksman thought it was an excellent transaction and that he was very satisfied. His counsel stated that he would like some explanation as to the calculation of management participation in the Adler & Shaykin transaction. He was informed that the $42 million to be contributed by Adler & Shaykin included 15% of management participation.

Mr. Lipton noted that American Home Products, who had been interested in the Company as a whole, had now made a

8701337

deal with Forstmann Little and that they were no longer interested in the Company as a whole.

Mr. Rohatyn stated that it would not be possible to do the $56 a share deal without making a deal on a firm basis with Adler & Shaykin. He noted that they were one deal and that the Company could not select only one, but that even if it did select only one, the $905 million price was a very attractive price for the Beauty Group. Mr. Loomis stated that the price to equity ratio on the Beauty Group was fourteen to sixteen times earnings, depending on the assumptions, and that as far as the overall company was concerned, the $56 a share price reflected a P/E ratio of just over 17. He noted that this was an attractive bid for a deal of this size and for this type of deal.

A director inquired as to whether the other Board members thought that the Beauty Group should be offered to Mr. Perelman at $905 million before the transaction was approved. Mr. Liman of Paul Weiss stated that Mr. Perelman had gotten in touch with him yesterday and that he had tried to get a price for the Beauty Group. He stated that he was not prepared to comment. Mr. Perelman stated that he had heard that the Beauty Group division might go for as much as $500 million. Mr. Perelman said he thought that more than $500

R701330

million was imprudent. Mr. Liman stated that he believed that Mr. Perelman was nowhere near the $905 million price. He noted that Mr. Perelman might bid for the remainder of the Company without the Beauty Group. A director noted that the $905 million bid might enable Mr. Perelman to increase his bid, as he could bank on receiving the $905 million even if the Forstmann Little transaction did not close. The director who asked the question stated that he concurred with these views regarding not offering the Beauty Group to Pantry Pride and that he would not recommend such a step himself but only felt it should be discussed.

Mr. Glucksman stated that he felt that the breakup fee was fair as the Forstmann Little deal was not "locked-up" and there was a possibility of a bid for greater than $56 a share and that such possibility was substantial.

Mr. Rohatyn noted that the Forstmann Little deal was not "locked up" and that the risk of that deal was greatly enhanced by the Adler & Shaykin transaction. He noted that there was a likelihood that pharmaceutical or other companies would come in at a price greater than the $56 a share price now that there was a firm contract to sell the beauty group. Mr. Lipton noted that the deal could have been changed and that Forstmann Little could have been given a lockup. This

R701339

had not been done. The reason this had not been done was so that the deal would be open to other bids. Mr. Lipton also emphasized that the cosmetics deal of $905 million was an arms-length transaction, and that the incentive of the management group had been to get a top price in the deal as that deal would affect the future viability of the Forstmann Little transaction.

A director inquired as to the creditworthiness of the notes. Mr. Loomis emphasized that the Board should look at the credit of the Company and the ability of the Company to repay the principal and interest on the bonds. He stated that the Board should consider that Forstmann Little and their associates as well as others were willing to put their capital below the notes, that Forstmann Little would have $445 million ranking junior to the 11.75% notes. He said that the directors should look at the coverage and the planned divestitures to see whether the financing structure was realistic. He stated that the credit seemed reasonable from the point of view of the bondholders but that the details would need to be considered. Mr. Lipton noted that the bonds would remain outstanding in an entity with the capital structure that had been described by the representatives of Forstmann Little. He stated that the bondholders should be more comfortable as investors in this kind of a company than if they were to waive

R701340

had not been done. The reason this had not been done was so that the deal would be open to other bids. Mr. Lipton also emphasized that the cosmetics deal of $905 million was an arms-length transaction, and that the incentive of the management group had been to get a top price in the deal as that deal would affect the future viability of the Forstmann Little transaction.

A director inquired as to the creditworthiness of the notes. Mr. Loomis emphasized that the Board should look at the credit of the Company and the ability of the Company to repay the principal and interest on the bonds. He stated that the Board should consider that Forstmann Little and their associates as well as others were willing to put their capital below the notes, that Forstmann Little would have $445 million ranking junior to the 11.75% notes. He said that the directors should look at the coverage and the planned divestitures to see whether the financing structure was realistic. He stated that the credit seemed reasonable from the point of view of the bondholders but that the details would need to be considered. Mr. Lipton noted that the bonds would remain outstanding in an entity with the capital structure that had been described by the representatives of Forstmann Little. He stated that the bondholders should be more comfortable as investors in this kind of a company than if they were to waive

R701340

the covenants and allow Pantry Pride to go forward. He said this in light of the substantial capital commitments of Forstmann Little which would be subordinate to the 11.75% Notes. Mr. Liman agreed.

One director noted that they should consider this as a package transaction, that the shareholders who had received the 11.75% Notes in the exchange offer were now receiving the benefit of the increased price for their shares. With respect to the buyers who had purchased the debt on the open market, it was noted that these people had taken the debt with full awareness of the possibility of the waiver of the covenants in the debt, and with the possibility that such steps might be taken in the context of the current circumstances surrounding the Company.

A roll call vote of the independent directors was then taken. Each director was polled and each director approved the cash merger agreement with Forstmann Little and the asset sale with Adler & Shaykin. A new vote was taken when all of the remaining directors returned. Again, all of the directors unanimously approved both transactions. Mr. Lipton noted that they were going to request a trading halt in the Company's stock, but that until a press release was issued, the transactions should be viewed as confidential and treated as such by all in the room.

R701341

Exhibit F

DRAFT
SUBJECT TO REVIEW

Minutes of October 12, 1985
Board of Directors Meeting

[Insert introductions, call to order, persons present, etc.]

The Chairman thanked the directors for coming together once again on short notice for the Special Meeting of the Board.

The Chairman stated that the first item of business was a motion to defer the reading of the minutes of the special meetings of the Board of Directors held on August 19, August 26, September 24, October 1 and October 3, which motion was moved, seconded and unanimously passed.

The Chairman then gave an overview of the business of the day. He said that, first, he would present a quick summary of a revised proposal of Forstmann Little that was on the table and that Mr. Loomis of Lazard Freres would then describe certain events that had transpired over the last week and the background of the proposal currently on the table. Mr. Brownstein of Wachtell, Lipton, Rosen and Katz would then describe the proposed amendment to the merger agreement and the asset option contract that would be presented to the Board. Mr. Loomis would then give the opinion of Lazard Freres. Mr. Lipton of Wachtell, Lipton, Rosen & Katz and Mr. Felix Rohatyn of Lazard Freres would then give their advice to the

Board of Directors. The Chairman noted that representatives of Forstmann Little & Co. and their investment banker, Goldman, Sachs & Co., were outside the meeting and would be available later in the meeting if anyone had any questions for them. The Chairman noted that four directors, Messrs. Glucksman, Wilson, Loudon and Zhilka, had their own attorneys at the meeting representing them, namely, Messrs. Cone and Lewkow of Cleary, Gottlieb, Steen & Hamilton.

The Chairman then briefly summarized the new proposal of Forstmann, Little & Co. He said that under the proposal, Forstmann Little would increase the price it was offering to pay for each share of the Company's common stock and would provide accommodations for the holders of the 11.75% Notes. Forstmann Little had explicitly conditioned its willingness to make such changes on its receiving an option to acquire certain of the Company's assets under circumstances that would be described and on certain other factors. The Chairman noted that all these proposals would be described at greater length.

The Chairman noted that, in order to facilitate the proposed transactions, in order to prevent any appearance of any conflict of interest, in order to prevent any possible divergence of interest on the Board of Directors and in order that the Board may continue to act with unity to further the

R701351

interests of shareholders, who were the ultimate beneficiaries of such action, he, along with the other members of management, had withdrawn from participation in the equity interest of the surviving corporation. Thus, no one in the Company's current management would be participating with Forstmann Little in the equity of the surviving corporation and there was no conflict of interest.

The Chairman reminded the Board that as of a few weeks ago there had only been one offer on the table -- namely, the offer of Pantry Pride to acquire all the shares of the Company for $42 a share. He noted that now there were proposals in the range of $56 to $57.25 from Forstmann Little on the table and that even Pantry Pride, in light of indications of interest from Forstmann Little had now increased its bid to $56.25.

The Chairman stated that unless there were any questions at this point, he would ask Bill Loomis of Lazard Freres to summarize the background of the current proposal.

Mr. Loomis of Lazard Freres stated that he would summarize the developments of the last few days. He stated that on Wednesday, Pantry Pride had published a supplement to its offer to purchase shares increasing the price at which

R701352

it was offering to buy Shares to $56.25. He stated that the offer was conditioned on the Board's waiving certain covenants in the Company's 11.75% Notes and $9 Preferred Stock. Mr. Loomis then described the correspondence between the Company and Pantry Pride during the ensuing days, copies of which had been presented to the directors. Mr. Perelman, the Chairman of Pantry Pride, on that day delivered a letter to the Chairman of the Company pointing out that these waivers were conditions to Pantry Pride's offer and also stating that the Company should be aware that Pantry Pride's acquisition company, Nicole, had $500 million in capital, which amount, he stated, was in excess of the capital provided in the Forstmann, Little merger proposal. Further, Mr. Perelman stated that if Revlon and its financial advisors wished any additional information concerning their capital structure, Pantry Pride would be available to meet with Revlon and to make such submissions as may be required. On October 9, 1985 Lazard Freres sent a letter to Mr. Perelman. In this letter Lazard stated that it was assisting the Board of Directors of the Company and had four primary questions for Mr. Perelman: (1) It inquired further regarding the financial commitments for the full amount of the offer. (2) It stated that Pantry Pride had not disclosed its intentions with respect to refinancing the Company's outstanding debt, including the 11.75% Notes, in its October 9 letter to the

R701353

Company and inquired regarding those intentions. (3) The letter also noted that Pantry Pride had not disclosed its intentions with respect to Revlon's $9 Preferred Stock and requested that such intentions be disclosed. (4) Finally, the letter indicated that although it was claimed that the acquisition company had in excess of $500 million in capital, Lazard Freres understood that the acquisition company and Revlon would, in effect, fund the debt service obligations on indebtedness incurred by Pantry Pride in connection with their proposal. The letter requested, in particular, projections as to how the debt incurred and assumed by Pantry Pride in connection with the acquisition would be serviced and copies of any financing commitments or agreements that Pantry Pride had obtained or entered into. It noted that similar information had already been received from Forstmann Little & Co.

Mr. Loomis stated that, on the afternoon of October 11, 1985, Pantry Pride responded with a letter in which they stated that Pantry Pride had received commitments for the purchase of $350 million of Pantry Pride notes and had been informed by Drexel, Burnham that, based upon current conditions, Drexel, Burnham was highly confident that it could obtain commitments for the purchase of an additional $350 million of Pantry Pride notes. With respect to the 11.75% Notes, Pantry Pride's only statement was that Pantry Pride understood

R701354

the obligations under Revlon's outstanding debt, including the 11.75% Notes, and following the time that Pantry Pride might obtain control of Revlon, Pantry Pride intended to cause the required interest payments to be made on such debt and the principal to be paid when due at maturity. Mr. Loomis noted that, regarding the $9 Preferred Stock, Pantry Pride had stated that the preferred stock would remain outstanding as preferred stock of the surviving corporation of the merger, with substantially the same terms as presently contained in such shares, except that changes would be made to provide that on any conversion, such shares would receive cash in lieu of common stock. Finally, regarding the treatment of the indebtedness of Pantry Pride, the letter stated that Pantry Pride had indicated in its offer to purchase that the payments required under the debt incurred and assumed in connection with the offer and the merger would be obtained from Revlon and Pantry Pride's operations, their available cash and short-term investments, and proceeds of sales of the assets of both Revlon and Pantry Pride.

Mr. Loomis noted that the letter incorrectly stated that the Board of Directors of Revlon had already waived the covenants in the 11.75% Notes and $9 Preferred Stock. It noted that there was no additional information on the capital structure of the acquisition company or the future ability of

R701355

Pantry Pride to pay the interest, although they stated that they wanted additional numbers from Revlon in order to better evaluate such intentions.

Mr. Loomis stated that Ted Forstmann had indicated over the past few days that he wanted to better the Pantry Pride offer, but he said that he believed that whatever Forstmann, Little would do, Pantry Pride would increase its offer $0.25 per share over Forstmann, Little's proposal. Mr. Forstmann stated that he therefore felt that it was futile to raise his offer only to be countered by a marginally higher Pantry Pride offer -- higher by a fraction that was not material in light of the size of the transaction -- that was not fully financed. On Wednesday night there had been a meeting between Forstmann Little and Pantry Pride, at which representatives of the Company but not Lazard Freres were present, where possible alternatives between Forstmann Little and Pantry Pride had been discussed. Principally, a possible split-up of the business of Revlon had been considered. On Thursday Ted Forstmann indicated to representatives of Lazard Freres and Wachtell, Lipton that Mr. Perelman had said to Mr. Forstmann that whatever Forstmann, Little did would be countered by a $0.25 per share raise. He stated that Mr. Perelman had told him that Mr. Perelman was aware of Forstmann Little's reputation and that they essentially were using Forstmann Little as their investment banker. They had

R701356

seen Forstmann Little's model and Pantry Pride stated that they felt that if Forstmann Little could afford to pay a certain price, then Mr. Perelman could afford to pay $0.25 more per share. Mr. Loomis stated that on Thursday, October 10, Forstmann Little had asked to meet with representatives of Wachtell, Lipton and Lazard Freres. The Forstmann Little representatives stated that they wanted to make a new proposal to Revlon, but that they were concerned that, whatever they did, they would be marginally raised. They indicated that as a result of this, they would need a lock-up before they would be willing to make their proposal. Mr. Loomis stated that at the meeting with the representatives of Forstmann Little, each of Wachtell Lipton and Lazard Freres had noted the Board's concern and stated that any proposal from Forstmann Little would need to address the following: (1) concerns regarding the consequences of any proposed transaction for the 11.75% Notes and $9.00 Preferred Stock and (2) concerns that any proposal should be Forstmann Little's best possible price for the Shares.

Mr. Loomis stated that on Friday, October 11, the same day that the above-described letter from Pantry Pride had been received, Forstmann Little presented to representatives of Lazard Freres and Wachtell Lipton what Forstmann Little described as a non-negotiable proposal. They stated that it was their best offer, that it really went beyond

R701357

what they could do to the outer limit. This proposal was the following: Forstmann Little stated that it would increase the price per share to $57.25 per share, but that it would require a lock-up at $525 million on the VisionCare and National Health Laboratories divisions of the Company. Forstmann, Little mentioned that the $525 million price was within the range of values that Goldman Sachs had given to Forstmann Little in Goldman Sachs' work for Forstmann Little. They stated further that they understood the concerns of the Company regarding the 11.75% Notes and that these concerns would be met by a proposed exchange offer. In this offer, which would be undertaken as soon as practicable following the merger, new notes would be exchanged for the existing 11.75% Notes. The new notes would have terms that were designed to have them trade at par. Essentially, these terms would be an increase in the interest rate on the notes, which would reflect the new leverage of Revlon. The proposal provides that subject to any required vote, (a) each share of $9.00 Preferred Stock will be converted into the right to receive $100 in cash, without interest, and (b) each share of Series A Preferred Stock will be converted into the right to receive an amount in cash equal to the greater of (i) what would be received upon conversion of such share immediately after the effective time of the Merger of (ii) the purchase price payable pursuant to a Scheduled Purchase

R701358

Offer as defined as Section 3 of the Certificate of Designation, Preferences, Rights and Limitations of the Series A Preferred Stock without interest. Throughout this meeting, representatives of Forstmann Little assumed that the Chairman and other members of the Company's senior management would participate with them in the equity ownership of the surviving company of the merger.

Representatives of Forstmann Little stated that they wanted to accelerate the proxy statement process, that they would request accelerated treatment of the proxy from the Securities and Exchange Commission. They had stated that they did not want the Board to waive the covenants for anyone but Forstmann Little and that they wanted the Board to leave the rights in place for anyone but Forstmann Little. Further, they said that the Board meeting had to be convened on the next day, October 12, 1985, as they were concerned with Pantry Pride's response in anticipation of Forstmann Little's own offer. Mr. Loomis stated that Revlon's position had then been summarized as follows: The rights would not be kept in place but would be redeemed immediately prior to the consummation of an offer by Pantry Pride or anyone else for all cash at $57.25 or more per share. Further, it was stated that the covenants in the 11.75% Notes would be waived for Pantry Pride or anyone else in connection with a proposal that contained terms for the

R701359

11.75% Notes which either Lazard Freres or two other major investment banks were satisfied would result in the Notes trading approximately at par following such proposal. The provision in the $9.00 Preferred Stock restricting the debt to equity ratio of the Company would be waived in connection with any proposal to acquire all the Shares for $57.25 or more per Share in cash. Later that afternoon, Mr. Loomis met with representatives of Goldman, Sachs to discuss the terms for the proposed exchange offer and the pricing of the new notes being issued in the exchange offer. He noted that Goldman Sachs' proposal was to conduct the exchange offer by the surviving corporation of the merger in the same time-frame as contemplated by the merger. The proposed terms of the new notes would be a 14% interest rate, increasing by 37.5 basis points per quarter during each of the first four quarters following the date of their issuance and by 25 points per quarter during each of the next six quarters. Thereafter, at the end of two-and-a-half years, the interest rate would be fixed at 17%. Interest on the new notes would be payable quarterly. Forstmann Little also had stated to Lazard Freres that it was their intention to retire the notes as soon as possible so that, accordingly, an increasing rate of interest in the notes was acceptable to them. Mr. Loomis also noted that the new notes would be senior to the $445 million of Forstmann Little capital and that they would remain senior to any subordinated debt.

R701360

The Chairman thanked Mr. Loomis for his summary of the background of events. The Chairman stated that he wanted to make a few remarks. He noted that at this time there was a very serious difficulty in running the Company. The amount of uncertainty that had resulted from the activities of the last two months had created great human problems -- the Company was losing people and recruiting was impossible. He stated that the employees of the Company were coming to be concerned about their futures and not about the business of the Company. He stated that another rung of difficulty was the problems with the employees in the Beauty Group, who were wondering what the consequences of the sale of the Beauty Group to Adler & Shaykin would be.

Mr. Brownstein of Wachtell Lipton was then asked to summarize the terms of the proposed contracts. Mr. Brownstein stated that the contracts were in the process of being finalized and that Ms. Thoyer, of Paul, Weiss, Rifkind, Wharton and Garrison, who was present at the meeting, had also been actively involved in the negotiation process and that she should make any additions that she wished to his presentation. Mr. Brownstein noted that a draft amendment to the Merger Agreement had been distributed to the Board meeting. He stated that there were a number of changes to the Merger

R701361

Agreement. First, he called the attention of the members of the Board of Directors to the third Whereas clause in the Amendment Agreement. He noted that this clause recited that, in order to facilitate the consummation of the transactions contemplated by the merger agreement, the Company had informed Forstmann Little and its affiliates that no member of the Board of Directors or management of the Company would obtain or participate in an equity interest in connection with the financing of the merger.

He stated that a second change was that the price of the shares had increased from $56 to $57.25 per share. A third change was that the agreement would provide for the exchange offer that Mr. Loomis had referred to before. The 11.75% notes of Revlon would be exchanged for new notes on the terms that Mr. Loomis had described. The fourth change was that, instead of the absence of a "no-shop" provision in the Merger Agreement which he had told the members of the Board was unusual at the preceding meeting, now, as a result of the recent events, Forstmann Little had required a no-shop provision. He noted that this inclusion of a no-shop provision was the usual provision in agreements of this kind and he went on to summarize its terms. The fifth change was that, under the original merger agreement, Forstmann Little had received a break-up fee of $25 million upon termination of the merger

R701362

agreement. Now, at the insistence of Forstmann Little and in order to protect Forstmann Little in light of the challenges to Forstmann Little's fee that had been presented in Pantry Pride's offering materials, the $25 million sum would be placed in escrow to be released on the termination of the agreement or in the event that 19.9% or more of the shares were acquired by a third party. The sixth change was that there was now included in the merger agreement a representation by Forstmann Little and its affiliates to Revlon to the effect that there were no arrangements or understandings regarding management participation.

Mr. Brownstein then described the resolutions that would be presented to the Board today in connection with the Rights and with the covenants in the 11.75% Notes and $9 Preferred Stock. He noted that there were two aspects regarding the Rights and the covenants in the securities that were in the merger agreement. First, it was in Forstmann Little's interest to know that the Rights and the covenants would be dealt with in order to facilitate Forstmann Little's own deal. Second, the resolutions that were distributed to the Board, and which were incorporated as an exhibit to the merger agreement, also stated that the rights would be redeemed today in connection with any transaction in which shareholders could receive $57.25 in cash or more per share, whether such trans-

R701363

action involved Forstmann Little, Pantry Pride or any other entity. As described in the merger agreement, the resolutions would withdraw the rights with respect to any such transaction, in order to allow the consummation of such transaction.

Mr. Brownstein summarized the covenants in issue in the 11.75% Notes. One of these covenants dealt with the sale of assets, one with the incurrence of debt and one with the payment by the Company of dividends and certain other restricted payments. He noted that Forstmann Little had stated that in order to permit any acquisition transaction, such covenants had to be waived. Accordingly, the Company had bargained for the exchange offer that had been described to the Board. To minimize the adverse consequences of the waiver the resolutions provided that the covenants were waived for the Forstmann Little transaction or for any transaction by Pantry Pride or by any other party in connection with which an opinion was delivered to the Board of Directors of the Company by either Lazard Freres or by any two other major investment banking firms, including Drexel, Burnham, Lambert Incorporated and Morgan Stanley & Co., investment bankers to Pantry Pride, to the effect that the 11.75% Notes would trade at approximately par on a fully distributed basis. Mr. Brownstein emphasized that it was not a condition that such proposal also offer to purchase the shares at $57.25 or more

R701364

in cash. He noted that if no such opinion was forthcoming, then no waiver would take place. In response to a question of a director, Mr. Brownstein stated that if, even following the receipt of such opinion, the notes were to trade below par, the Board of Directors should not have any liability, as they would have relied on the opinion of an investment bank or banks. Mr. Brownstein noted that Forstmann Little had requested that the rights be redeemed and the covenants be waived only in connection with the Forstmann Little transaction, but that the Company had insisted upon the foregoing provisisons.

A director inquired as to the consequences of the proposed agreement for other possible offers, such as an offer at $60 a share. He asked whether the Board would be precluded from making the deal. Mr. Brownstein stated that the no-shop provision in the merger agreement would prevent the Company from soliciting or negotiating any other deal. A director inquired as to what the consequences would be if the proposal were to arrive to the Board of Directors. Mr. Brownstein noted that the Company could not negotiate the proposal, but that the proposal could be made directly to the shareholders of the Company. He noted that any offer to be made to the shareholders of the Company would be disclosed in the Company's proxy statement, in which the stockholders were being asked

R701365

to vote on the merger, and that the shareholders could accept the other proposal and vote down the merger if they so desired. Mr. Brownstein emphasized that the option agreement that he would next describe to the Board would likely be a deterrent to any such offer.

A director noted that the shareholders would be able to accept any offer made to them directly even if the offer did not take care of the 11.75% notes, but that, under such circumstances, the Board of Directors would not have been in the position of having waived the covenants in the 11.75% notes.

Mr. Brownstein described the next agreement, the option agreement, pursuant to which Forstmann Little was granted the option to acquire the Company's VisionCare Group (consisting of Barnes-Hind, Coburn Optical) and National Health Laboratories, for an aggregate purchase price of $525 million. He stated that during the first year of the Option Agreement the Option could be exercised when any person or group acquired 40% of the outstanding voting power of the Company. He noted that if a person or group acquired 19.9% or more of the outstanding shares of the Company, the term of the Option would be extended to become a three year Option, but that it would still be exercisable only upon a 40% acquisition. He explained that the Option had certain provisions

R701366

that might protect the Company's tax position. First, he noted that the Company would normally have capital gain on the sale of the stock of the divisions covered by the option unless a Section 337 plan of liquidation were adopted. Mr. Brownstein reminded the Board that the Board had adopted a plan of liquidation pursuant to Section 337 under the Internal Revenue Code in connection with the Adler & Shaykin transaction and the initial Forstmann Little transactions. Mr. Brownstein stated that the closing of the Option would take place one day following the delivery of a notice of exercise of the Option unless prior to the time any person or group or other entity acquired beneficial ownership of more than 40% of the voting power of the Company, such entity acknowledged and confirmed in a manner satisfactory to Forstmann Little that it recognized the validity of the Option and that it covenanted that it would take no action to interfere with the consummation of the transactions contemplated by the Option, in which case the closing would take place on the earlier of January 15, 1986 or the day after approval by the stockholders of the Company of a plan of complete liquidation. Mr. Brownstein noted that this would enable the bidder to determine his own tax consequences of the exercise of the Option. If the bidder wanted to be sure there would be no tax, he would not challenge the Option.

Mr. Brownstein noted that the rest of the Option Agreement contained provisions generally typical in a division

R701367

sale agreement, but noted that this was a sale of stock not of assets and that therefore it was somewhat different from the Adler & Shaykin agreement. He stated that the Option Agreement had provisions for handling the treatment of assets shared by the divisions subject to the Option and the other divisions of the Company, and had provisions for the division of employee benefit plans, responsibility for taxes and similar matters.

Mr. Brownstein raised one final point regarding the Option that concerned the corporate procedures which would be necessary in order to validate it. He noted that, under Delaware law, shareholder approval was required for the sale of all or substantially all of a corporation's assets. He noted that an opinion had been distributed to the Board from the law firm of Morris, Nichols, Arsht & Tunnell. This opinion stated that the sale of VisionCare and Labs pursuant to the Option Agreement and the sale by the Company of the Beauty Group to Adler & Shaykin together did not constitute the sale of substantially all the assets of the Company for corporate law purposes so that a shareholder vote was not required for the consummation of these transactions. Mr. Brownstein summarized the principal aspects of the opinion for the members of the Board of Directors. He explained that the numbers on which the opinion relied were the aggregate

R701368

percentages of Company totals comprised by these divisions of sales, operating profits and assets for a five year period, and that they are based on facts given to Morris Nichols by the Controller of the Company. In response to a question of a director, Mr. Brownstein noted that the aggregate figures presented for the Beauty Group, VisionCare and Labs were in excess of 50% for sales and operating profits, and below 50% for identifiable assets. Mr. Brownstein informed the Board that Forstmann Little had also asked its own Delaware counsel, Potter, Anderson & Corroon, whether the option sales would constitute sales of substantially all of the assets, and that Forstmann, Little had received an answer from their Delaware counsel that it would not.

A director noted that it appeared possible that Mr. Perelman could challenge the asset sale on this Delaware law ground. Mr. Brownstein stated that both the Morris Nichols firm and Forstmann Little's Delaware lawyers had expressed opinions to the effect that Mr. Perelman would lose that challenge. Mr. Brownstein noted, moreover, that from the directors' point of view, whatever the legal validity of such a challenge, the directors had an opinion that they were entitled to rely on. They had asked experts in the field and the experts had given a well-reasoned answer and the directors were entitle to rely on such opinion.

R701369

A director asked why the trigger point was 40% for the option, saying that it seemed somewhat high. Mr. Lipton stated that the Company had wanted the trigger to be a high number. He noted that Forstmann Little had originally requested a naked option, namely, one that would be exercisable immediately, before anyone acquired any shares of the Company. The Company had initially requested that the option be exercisable at 51% of the outstanding shares, but that the Company had negotiated with Forstmann Little to the 40% figure that was the current deal. Mr. Brownstein noted that 20% to 33% were usual for these situations.

Mr. Loomis stated that he would give the opinion of Lazard Freres. Before he gave the opinion, however, he wanted to make one point from the perspective of an arbitrageur who might be comparing the Forstmann Little transaction with the Pantry Pride offer. He noted that Mr. Perelman's offer was for cash now at $56.25 and that Forstmann Little's would be cash in 35 days at the least. If these two offers were compared in present value terms and if it were assumed the merger would take place in 40 to 60 days or more, $57.25 could be slightly less than $56.25, assuming a 12% discount rate. Each month was approximately $0.57 to $0.58 per share. He noted that it was the intention of Forstmann Little to attempt to close the merger in 35 days, but that it was

R701370

impossible to know how long the review process at the SEC would take.

Mr. Loomis stated that it was the opinion of Lazard Freres & Co. that the consideration of $57.25 in cash per common share to be received in the merger by the Company's common shareholders was fair to such common shareholders from a financial point of view. He noted that his opinion was based on comparisons with other companies and on his discussions throughout the negotiation process. Mr. Loomis noted that Lazard Freres was also of the view that, although because of market conditions it is not possible to predict the prices at which securities will trade, the new notes to be issued in the exchange offer would trade approximately at par on a fully distributed basis and that the 11.75% Notes should reflect this. He noted that the 11.75% Notes have traded as low as in the $87 to $88 range and that on Friday they had closed at $92.50. Mr. Loomis stated that, regarding the proposed lock-up, $525 million was, in Lazard's view, a favorable price from the perspective of Forstmann Little. He noted that the estimate of Lazard Freres was that they could achieve a price as high as $600 to $700 million from the sale of the two divisions together. Mr. Loomis stated that he understood that $525 million was within the range of values placed on the two divisions by Goldman Sachs, Forstmann Little's investment banker.

R701371

Mr. Loomis stated that regarding the alternative of liquidation of the Company, during the last few days Lazard Freres had not only refined its own views of the numbers, but that it had also heard estimates from third parties. Now, Lazard Freres' estimate was that the upper end of the liquidation range, was $60 to $62 per share, based on a number of assumptions. He stated that these estimates of liquidation value did not take into account considerations of timing and risk, as well as other liabilities that may arise. He stated that liquidation was not the alternative that Lazard Freres would recommend, but that it was an alternative. He stated that it was not recommended as the current proposal would give shareholders $57.25 in cash with much less risk of consummation. A director inquired as to the consequences of the Company's entering into liquidation tomorrow. Another director responded that if tomorrow Pantry Pride were to raise its offer to $58 a share, the plan of liquidation would be prevented. Lazard Freres noted that Pantry Pride could even lower its price. Lazard Freres noted that in principal, liquidation was an alternative and that the upper range in Lazard Freres' estimate was $60 to $62 per share but that it did not seem to be a practical alternative. A director noted that the plan of liquidation would essentially be subject to a veto by another offer for the Company. A director asked a question regarding the timing of the liquidation. Mr. Loomis stated that it must be undertaken within one year. He stated that it would be likely that this one-year time-frame could

be met, and a director noted that there were also methods to extend the one-year period.

Mr. Loomis then summarized the three alternatives available to the Board. First, there was the Pantry Pride offer of $56.25, conditioned on waiving the covenants in the notes and the preferred stock. He noted that Pantry Pride had not stated anything regarding its intentions for the note-holders except that it intended to pay the interest and principal on such securities when due.

Second, Mr. Loomis stated that liquidation of the Company was an alternative, subject to the difficulties that had been discussed.

Mr. Loomis stated that the offer of Forstmann Little including the merger at $57.25 per share, the proposed exchange offer for the 11.75% Notes and the lock-up at the favorable price to Forstmann Little was the third option. He stated that Lazard Freres had delivered its fairness opinion regarding the $57.25 price. A director inquired of Mr. Loomis whether he had an opinion as to which was the best transaction. Mr. Loomis said that Lazard Freres would recommend the Forstmann Little transaction. A director inquired regarding the lock-up. Mr. Loomis stated that the valuation showed that the price was favorable to Forstmann Little, but that it was one aspect of the overall transaction. The transaction had to be evaluated with all aspects together from the point of view of what was best for the shareholders. One transaction alone may not be

R701373

ideal, but when the three proposals were looked at together, as they must be, and all factors were evaluated, including the lockup, Lazard Freres' recommendation was the Forstmann Little transaction. One director stated that he was assuming that Forstmann Little was saying it needed a sweetener on one side in order to make the deal more attractive on the other. Mr. Lipton replied that was not how the proposal should be looked at: If the proposed merger was to be consummated, the lock-up option would not be used. The effect of the lock-up option, Mr. Lipton stated, was to deter a bid at a higher price than $57.25, and that the directors must consider the favorable sale to Forstmann Little. He noted that the Board was dealing with something designed to deter further offers. He also emphasized that the asset option had been demanded by Forstmann, Little in order to induce Forstmann Little to go ahead with the increased price and the exchange offer. He also noted that Forstmann Little was accustomed to having management participation in their transactions and that without management participation, the transaction might be more difficult for them.

Mr. Lipton noted that Ms. Thoyer of Paul Weiss would now read a statement of Mr. Liman for the Board and that Mr. Lipton himself would then cover certain additional legal issues.

R701374

Ms. Thoyer stated that Mr. Liman favored this Forstmann Little transaction because it was his belief that it was proper for the Board to consider the process, and that the events of the past two months were destroying the Company and the people in it. He stated that he believed that it was also proper to consider the shareholders and the noteholders, and that this deal dealt well with both the noteholders and the shareholders. He said that he thought that it was important to bring the process to an end in a way that was favorable to both the shareholders and the noteholders. He noted that Pantry Pride had been given time in order to present its proposals for the noteholders, and that even in light of substantial publicity regarding the noteholders, Pantry Pride had not presented a meaningful proposal. Mr. Liman stated that it was his belief that based upon the events of the past few days Forstmann Little would walk away and no longer compete with Pantry Pride for the Company if their proposals were not accepted at the meeting. He felt that the Company could not afford to lose Forstmann Little, as if Forstmann Little were no longer bidding for the Company, the Company would not be able to bargain a better deal for the shareholders or the noteholders.

Ms. Thoyer said that in Paul Weiss' opinion, the directors in their business, judgment could approve the

R701375

Forstmann Little transaction and that they had before them the facts on which to do so.

Mr. Lipton stated that he had nothing to add to Mr. Liman's statement. He said that it presented the legal conclusion of Wachtell Lipton also: The Board in its business judgment could approve the new Forstmann Little transaction.

Mr. Lipton stated that the representatives of Cleary Gottlieb had previously requested a chronology from Mr. Lipton of events leading up to the Forstmann Little transaction. Mr. Lipton stated that there had been much publicity surrounding the notes, and that the Wall Street reaction had been extreme to the announcement of the LBO which negatively affected the market price of the 11.75% Notes. He said that a question had been raised regarding legality and full disclosure of the intention to waive the covenants in the notes. He said that many of the persons in the room knew, as they had been participants, that there had been no contemplation of entering into the leveraged buyout transaction prior to September 12, 1985, the date that the 10,000,000 shares had been accepted for exchange under the Exchange Offer, and the date on which the Company became legally obligated to issue the securities. Mr. Lipton noted that at that time the Company's strategy had been for the company to attempt to remain independent. Then, when the Exchange

R701376

Offer had not proved adequate to enable the Company to remain independent, the Company considering the possibility of selling its Norcliff Thayer division and issuing $100 million to $200 million of a series of preferred stock with shark repellants in it. Subsequent to that, and after the investment decisions by the shareholder with respect to tendering, the Company's advisers met and saw that Company's strategy was in trouble and that their program was not working and decided to pursue other avenues. Adler & Shaykin had contacted Mr. Lipton earlier, and on September 16 Lazard Freres had indicated to Mr. Lipton that they would be interested in speaking with Adler & Shaykin. On September 19, there had been some contemplation of the deal, and on September 20 there was a first contact with Forstmann Little. Mr. Lipton stated that in his opinion there was no problem with the disclosure in the exchange offer document, the problem had been that investors had not read it.

Mr. Lipton also noted for the Board that on October 10, he had received a call from Bruce Wasserstein, co-head of the Mergers & Acquisitions Department at First Boston Corporation. Mr. Wasserstein stated that he had a client who was interested in Revlon, and Mr. Lipton stated that he had invited Mr. Wasserstein's client to bid for the Company at $60 a share. Mr. Lipton also told Mr. Wassterstein that any bid over $58 a share which took care of the Notes would

R701377

likely be endorsed by the Board of Directors. Mr. Lipton stated that Mr. Wasserstein had later indicated to Mr. Lipton that his client was only interested in the ethical pharmaceutical division of the Company and that his client might be prepared to work with Forstmann Little and the Company with the goal of acquiring such division. Mr. Lipton told Mr. Loomis about Mr. Wasserstein's interest, and Mr. Loomis relayed the information to Forstmann Little.

Mr. Lipton also stated that on Wednesday, October 9, unknown to the Company at the time, Forstmann Little had been meeting with Pantry Pride. He stated that he had also had calls from Bruce Wasserstein on Thursday night October 10 and that on that evening Mr. Drapkin of Skadden Arps had called Mr. Lipton at Bruce Wasserstein's instance. He stated that Mr. Drapkin had raised the question of a global settlement with Pantry Pride obtaining some of the Company, Mr. Wasserstein's client obtaining some of the Company, and Forstmann Little obtaining some of the Company. Mr. Lipton stated that he had responded to Mr. Drapkin that the Company had an agreement with Forstmann Little and invited Mr. Drapkin to initiate any contact they might wish with Forstmann Little. He told the Board that he informed Mr. Drapkin that the 11.75% Notes of the Company were a major concern of the Company, and that they must be addressed in any proposal. Mr. Drapkin stated that Pantry Pride offered to give a contingent guarantee on the

R701378

notes. Mr. Lipton responded that he believed that would have no effect on the market price of the 11.75% Notes due to Pantry Pride's financial circumstances. Mr. Drapkin then stated that Pantry Pride might be prepared to increase the price of the Notes by 1% to 1.5%. Mr. Lipton stated that he thought that interest rate increase would fall short of what the directors would expect. Mr. Drapkin called Mr. Lipton at 5 PM on Friday, October 11, to inquire from him of the status of the settlement. Mr. Lipton stated that Revlon had taken no action and reminded Mr. Drapkin that he had told Mr. Drapkin that he should contact Forstmann Little. He stated that he would be pleased to convey any Pantry Pride proposal to the Company and its investment banker or that Mr. Drapkin could do so directly or that his client could do so directly, if they pleased. Nothing further has been heard from Mr. Drapkin since that time. Mr. Drapkin had then called Mr. Rohatyn of Lazard Freres, and Mr. Loomis had returned Mr. Drapkin's calls to Mr. Rohatyn. However, Mr. Drapkin was not available for Mr. Loomis' call and had not returned that call by the meeting.

Mr. Lipton stated that he thought that the Board had an adequate basis on which to approve the Forstmann Little transaction. He stated that the Board should be aware that Pantry Pride will be very likely to commence a lawsuit and that Pantry Pride would likely not simply drop its offer. He stated that he believed that Pantry Pride's strategy would

R701379

be parallel to the strategy that Hanson Trust was using in the SCM transaction and that it was likely that Pantry Pride would increase its offer to $58 a share in order to obtain a favorable litigation posture, and to condition its revised offer on the invalidity of the option. He noted that there were certain parallels to the SCM matter, but that a major difference was that in the SCM matter, SCM's management would be an equity participant in the surviving company. He stated that the management directors of the Company had requested to withdraw from the management group in order to avoid this possible legal challenge to the transaction, which was otherwise beneficial to shareholders and noteholders.

Mr. Lipton stated that there were two principal kinds of legal actions that persons other than Pantry Pride might commence: (1) shareholders might assert that the lockup option was waste of a corporate asset; and (2) shareholders might assert that the lockup option prevented receipt of a better price in the deal. He stated that the business judgment rule would apply to both actions. Mr. Lipton noted that all the above had been extensively discussed with Paul Weiss, and that both Wachtell Lipton and Paul Weiss were comfortable with the Company's litigation posture.

Mr. Lipton stated that he could advise the Board that they have all the facts and all the expert advice on

R701380

which to take action, and that they could rely on the facts given to them and the advice given to them. He stated that the directors had the dilemma of not accepting the deal and not getting the $57.25 for shareholders and protections for the noteholders. He emphasized that the difference between the market value and par of the notes was approximately $50 million and that if the directors did not pursue the proposed transactions, there was the equal possibility of lawsuits if securityholders were to receive less per share or less per note. Mr. Lipton stated that the Company had tried to obtain more time from Forstmann Little but that Mr. Forstmann had stated that if the transactions were not approved at the currently convened Board meeting that he would no longer compete with Pantry Pride for the Company. Mr. Lipton stated that it was reasonable to believe that there were limits on Mr. Forstmann's money and his patience and that he did not believe that this was merely a negotiating posture of Mr. Forstmann but an absolute deadline. Mr. Lipton stated that Mr. Forstmann would be in the meeting later and that the directors could themselves inquire about his seriousness regarding the time deadline as well as his seriousness of the requirement of the asset option. A director inquired as to whether Forstmann Little was financed for this additional transaction as well. Mr. Lipton stated that the commitments that Mr. Forstmann had were more than adequate to cover the new deal

R701381

but encouraged the directors to ask the questions of Mr. Forstmann himself when he entered the meeting. A director inquired regarding certain other litigation that might arise regarding the settlements that were in place for certain senior members of the staff of the company. Mr. Lipton noted that such threats had been made. He stated that it was a potential problem and that it was expected that at future Board meetings such considerations could be addressed. He stated that protecting employees would be legitimate steps for the Board of Directors to take.

Mr. Rohatyn of Lazard Freres stated that Mr. Loomis of his firm had given the opinion of Lazard Freres and that he would not repeat it. He stated however that he had certain business comments that he wanted to make and certain comments on the risk reward ratio of entering into the transaction. Mr. Rohatyn noted that Pantry Pride had never hesitated to lower the price that it bid for the Company when it saw that it was in a position to do so. He reminded the directors that Pantry Pride's initial bid in August had been $47.50 per Share and that following the consummation of the Company's exchange offer Pantry Pride had reduced its bid to $42 per Share. He noted that the value of the shares had clearly not been impaired by the consummation of the exchange offer as evidence by the current $57.25 bid on the table. Mr. Rohatyn

R701382

stated that it was an absolute unacceptable risk for the Company to face Pantry Pride alone without Forstmann Little and that he did not believe that without Forstmann Little there would be a $56 a Share bid from Pantry Pride and that Pantry Pride might very likely lower its bid. Mr. Rohatyn commented regarding the proposal of Forstmann Little. He stated that he believed that the Company needed a proposal that would deal with both the shareholders and the note-holders. He emphasized that the Company could not afford to lose Forstmann Little and that they certainly could not afford to have Forstmann Little unite with Pantry Pride as it would be impossible to tell what would happen under such circum-stances and would be very risky. He said that the Company could not lose Forstmann Little as it would be in a hopeless negotiating position with respect to its stock and would have no negotiating position with respect to the notes. He echoed the advice of Mr. Loomis that if he were a director he would vote without hesitation for the transaction as it was the best available alternative.

The representatives of Forstmann Little were invited in to the meeting. The Chairman informed the directors of the identity of the people who came to the meeting. The Chairman stated that he asked the Forstmann Little repre-sentatives to come in barely a few weeks ago and that in that

R701383

short time they had engaged in an incredible amount of work in a very short period of time and that over the period they had become good friends.

Mr. Forstmann thanked the Board of Directors for coming together for a Saturday meeting and said that they felt very strongly that it was necessary for the meeting to be convened today as a result of all that had been going on. Mr. Forstmann stated that the last time he had spoken to the Board he had only given a brief overview of Forstmann Little and that he wanted to take this opportunity to focus more on Forstmann Little, on who they were, why they were interested in this deal and on the history of the deal. Mr. Forstmann stated that his company had a large fund of money over which it had total discretionary investment control. He stated that he now had about $500,000,000. He noted that he had a long record of successful investments and that his investors included investors such as the GE Pension Fund, the Boeing Pension Fund, the 3M Pension Fund and the Standard Oil of Indiana Pension Fund. He stated that as a result of these clients he did not make commitments lightly and he did not let his name get in the paper lightly. He stated that he was a serious business man. He stated that the way he did deals was that historically he never entered into a transaction where senior management was not participating. He stated that

R701384

essentially he functioned like a corporate acquiror that used its own capital to get a job done but that the only way that the companies could be run until now had been to incent management to participate with an equity interest. He noted that when he had approached Mr. Bergerac with the deal, Mr. Bergerac had not asked for anything. Forstmann Little's way was to ask management to participate and it had been his initiative, not Mr. Bergerac's. He stated that it was preferable for Forstmann Little for the managers to be their partners. He stated that last night Mr. Bergerac had called him and had told him that he must withdraw from his equity participation. Mr. Forstmann stated that he knew why it must be so and that he would go ahead without Mr. Bergerac's participation although he was very sorry that he would not have Mr. Bergerac as his partner. Mr. Forstmann stated that he was also sorry that there had been so much disinformation in the press in the previous days.

Mr. Forstmann noted that he had initially been invited in by the Company's advisors, Lazard Freres, to make a legitimate offer for the Company and to see if he would commit a substantial portion of his type of investment funds to this transaction. There had been very hard work over a short period of time in order to get this complex transaction accomplished. Mr. Forstmann stated that he felt that the previous offer that he had made to the Company was very

R701385

attractive and that he was very unhappy about the publicity that had arose in connection with it. He said now that there were three improvements that he was offering over the previous deal. First, the price would be increased to $57.25 per share, which represented an increase of over $35 million dollars. He noted that this is well above the range of normal economic value for this type of deal. Second, he noted that the proposal would take care of the 11.75 % Notes by an exchange offer to take into account the anticipated change in the credit rating of the company. He noted that this would result in an increased cost of $15 million more per year for him, which was substantial. He noted that Goldman Sachs was with him at the meeting and that the representatives of Goldman Sachs had talked to representatives of Lazard Freres and that all felt that the notes would trade approximately at par. Third, he stated that he would be willing to cash in the preferred stock at its stated value.

He informed the Board that his attorneys had advised him that this merger transaction would be almost as fast as making a tender offer. In response to a question of a director, Mr. Forstmann noted that his transaction was fully financed and did not have a financing condition. He noted that in return for the significant improvements he would need he would not accept any less than the following. He wanted

R701386

an option on the Company's Vision Care and National Health Laboratories divisions for $525 million. Mr. Forstmann stated that Goldman Sachs had said that this price was in the range of the value and that he had received a written opinion from Delaware counsel that his option would not require shareholder vote. He said that it was a quid pro quo for the deal and that he would accept nothing less. Mr. Forstmann said he had negotiated all that it was possible to negotiate and that in large part it was emotion and a desire to see the deal through to the end that was getting them to this point. Mr. Forstmann noted that before this transaction had begun he had never heard of Ronald Perelman. He stated that he had been persuaded to meet with Mr. Perelman, although it took some persuasion for him to agree to meet with Mr. Perleman. Mr. Forstmann stated that, as he understood the Board had been advised, Mr. Perelman had proposed to Mr. Forstmann that they chop up the Company between them. Mr. Forstmann stated that in Mr. Perelman's proposals the word "employees" was never in his mouth. Mr. Forstmann said that he did not take Mr. Perelman up on his offer. Mr. Forstmann said that Mr. Perelman also had made it very clear to him that no matter what Mr. Forstmann bid, he would raise Mr. Forstmann 25 cents. Mr. Perelman had said that Mr. Forstmann's reputation preceded him and that he knew how well Mr. Forstmann had done and that he would essentially let Mr. Forstmann price the deal for him.

R701387

Mr. Forstmann stated that as a result of all these proceedings, he had reached an inescapable conclusion. He said that he hoped the Board would not think him rude or pushy but that his offer was open only for this evening. He stated that if the offer were not accepted, it would be withdrawn and that the Company would be left to deal with Pantry Pride on its own. He stated that it was not the nature of his company to give ultimatums but that this deal demanded it. A director inquired of Mr. Forstmann what his ultimate point of dispute with Pantry Pride preventing an agreement was. Mr. Forstmann stated that basically the chemistry just wasn't right. He stated that he had not entered into this transaction in order to make a deal with Mr. Perelman. Mr. Forstmann stated that he was interested in the transaction not only for the profit he could make but for other reasons as well and that the other reasons would be violated if he had entered into a deal with Pantry Pride.

A director inquired as to whether Goldman Sachs believed that the 11.75% Notes would trade at par. A representative of Goldman Sachs said that they had advised their client, Forstmann Little, that based on the projected financial structure of Revlon after the proposed transaction and on the current market conditions, their trading and corporate finance people had designed the new notes to trade at par on

R701388

a fully distributed basis, although there could be no assurances of what would happen.

Ms. Thoyer stated that she had understood that the financing commitments that they reviewed in connection with the original merger agreement had not been altered. Mr. Forstmann stated that this was correct and that the financing commitments covered the money required for this revised proposal as well. There were no more questions of Mr. Forstmann. He was thanked for coming to the meeting and he and his representatives left.

Mr. Wilson said that he wanted to make one thing clear for the record. He stated that he was an operating person and that he believed that the uncertainty and disruption caused by the present state of affairs was destructive and detrimental to the Company's business and operations. He said that the Board needed to resolve matters for the benefit of the Company's business.

Mr. Glucksman stated that he had retained Cleary Gottlieb to represent him and certain other directors, and that he had been in constant contact with Cleary Gottlieb, who had talked with both inside and outside counsel of the Company. He stated that Cleary Gottlieb had assured him that they were comfortable with the deal.

R701389

The Chairman submitted the proposed transactions to a vote. He stated that the matter had been laid in front of them, debated and examined. The motion was seconded and unanimously carried.

Judge Rifkind stated that he wished that they had had a tape of the meeting in light of the talk of possible suits. He stated that as most of the people in the room knew, he had spent a considerable part of his life in court, and that nothing would have made him happier than to play a recording of this meeting before a judge and a jury. He said that he had been to many board meetings and that at this one he had been convinced that all alternatives had been thoroughly presented and thoroughly considered and that there were no conflicts of interest of which he was aware, and that he did not believe that there were any. He said that he had the opportunity to talk to the people with whom they would be doing business and the opportunity to hear about the persons with whom they would not be doing business, and that he was very pleased to have voted for this transaction. He said that he wished people who were reviewing this meeting could see the drama, so they could experience the instensity of the deliberations, an intensity which could not be recorded in writing.

The Chairman thanked him very much. He said he was

R701390

sorry to have badgered the directors and that he knew that the meeting was inconvenient, but he appreciated their coming together this evening and for their help. He said he expected they may be asked to do so a few more times. He said that he was glad that the Board had continued to meet in good heart and good conscience and in unity, and noted that since the consummation of the Company's exchange offer the price bid for the Company's shares had been raised from $42 to $57.25 per share, and that their consciences should be at ease. He said that the Company also had responsibilities regarding its employees, and that they would be faced with that at the proper time.

A director inquired as to whether there would be a press release, and the Chairman responded that there would be. He thanked them all for attending and the meeting was adjourned.

R701391

Exhibit G

SIMON H. RIFKIND, born Russia, June 5, 1901; admitted to bar, 1926, New York; 1957, Illinois; 1970, District of Columbia. *Education:* College of the City of New York (B.S., 1922); Columbia Law School (LL.B., 1925). Awarded: Litt.D., Jewish Theological Seminary, 1950; LL.D., Hofstra College, 1962; LL.D., Brandeis University, 1977; LL.D., City College of the City University of New York, 1978; J.D., Hebrew University, Jerusalem, 1980. Recipient, Medal of Excellence, Columbia Law School, 1973. Phi Beta Kappa. Fellow and Regent, American College of Trial Lawyers (President, 1976-1977). U.S. District Judge, Southern District of New York, 1941-1950. Advisor on Jewish Affairs to General Dwight D. Eisenhower, Commander, European Theatre of Operations, 1945-1946. Medal of Freedom, 1945. Member, Regents Council on Education Practices, Oct. 1953-1958. Member, Board of Higher Education, City of New York, 1954-1966. Special Master, Colorado River Litigation, U.S. Supreme Court, 1956-1961. Member, N.Y. State Commission on Governmental Operations of the City of New York, 1959-1961. Chairman, Presidential Railroad Commission, 1961-1962. Co-Chairman, President's Commission on Patent System, 1965-1967. Chairman, Board of Directors, Jewish Theological Seminary of America, 1963-1967. Herman Phleger Visiting Professor of Law, Stanford University, 1975. *Member:* The Association of the Bar of the City of New York (Member, Judiciary Committee, 1950-1953); American Bar Association; New York County Lawyers Association (Member, Board of Directors, 1951-1954; Member, Judiciary Committee, 1950-1954).