REVLON INC /DE/
Form 10-Q
July 30, 2014

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2014

OR

— TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from__________________ to _______________

Commission File Number: 1-11178
REVLON, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	13-3662955 (I.R.S. Employer Identification No.)
237 Park Avenue, New York, New York (Address of principal executive offices)	10017 (Zip Code)

Registrant's telephone number, including area code: 212-527-4000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨	Accelerated filer x	Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No x

As of June 30, 2014, 52,356,798 shares of Class A Common Stock were outstanding. At such date, 40,669,640 shares of Class A Common Stock were beneficially owned by MacAndrews & Forbes Holdings Inc. and certain of its affiliates.

REVLON, INC. AND SUBSIDIARIES
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PART I - FINANCIAL INFORMATION
Item 1. Financial Statements

REVLON, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in millions, except share and per share amounts)

	June 30, 2014 (Unaudited)	December 31, 2013[(a)]
ASSETS		
Current assets:		
Cash and cash equivalents	$157.7	$244.1
Trade receivables, less allowance for doubtful accounts of $6.9 and $4.2 as of June 30, 2014 and December 31, 2013, respectively	270.4	253.5
Inventories	189.8	175.0
Deferred income taxes – current	62.3	65.1
Prepaid expenses and other	62.4	61.4
Total current assets	742.6	799.1
Property, plant and equipment, net of accumulated depreciation of $257.7 and $243.1 as of June 30, 2014 and December 31, 2013, respectively	200.8	195.9
Deferred income taxes – noncurrent	47.1	65.7
Goodwill	472.0	472.3
Intangible assets, net of accumulated amortization of $29.7 and $19.0 as of June 30, 2014 and December 31, 2013, respectively	349.6	360.1
Other assets	126.6	123.8
Total assets	$1,938.7	$2,016.9
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities:		
Short-term borrowings	$13.0	$7.9
Current portion of long-term debt	7.0	65.4
Accounts payable	172.9	165.7
Accrued expenses and other	274.4	313.7
Total current liabilities	467.3	552.7
Long-term debt	1,859.9	1,862.3
Long-term pension and other post-retirement plan liabilities	102.9	118.3
Other long-term liabilities	80.4	80.1
Commitments and contingencies		
Stockholders' deficiency:		
Class A Common Stock, par value $0.01 per share; 900,000,000 shares authorized; 53,231,651 shares issued as of June 30, 2014 and December 31, 2013, respectively	0.5	0.5
Additional paid-in capital	1,015.8	1,015.3
Treasury stock, at cost: 754,853 shares of Class A Common Stock as of June 30, 2014 and December 31, 2013, respectively	(9.8)	(9.8)
Accumulated deficit	(1,429.1)	(1,452.7)
Accumulated other comprehensive loss	(149.2)	(149.8)
Total stockholders' deficiency	(571.8)	(596.5)
Total liabilities and stockholders' deficiency	$1,938.7	$2,016.9

(a) During the six months ended June 30, 2014, the Company recorded Measurement Period Adjustments (as hereinafter defined) to certain net assets and intangible assets acquired in the Colomer Acquisition (as hereinafter defined) on October 9, 2013. Accordingly, the prior period has been retrospectively adjusted for such Measurement Period Adjustments. Refer to Note 2, "Business Combination" for additional details.

See Accompanying Notes to Unaudited Consolidated Financial Statements

REVLON, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(dollars in millions, except share and per share amounts)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Net sales	$497.9	$344.7	$967.7	$670.6
Cost of sales	167.2	122.6	330.7	237.0
Gross profit	330.7	222.1	637.0	433.6
Selling, general and administrative expenses	263.6	156.3	509.8	317.9
Acquisition and integration costs	0.7	0.4	4.5	0.4
Restructuring charges and other, net	3.8	3.1	17.3	3.3
Operating income	62.6	62.3	105.4	112.0
Other expenses, net:				
Interest expense	21.0	15.8	43.3	34.6
Interest expense – preferred stock dividends	—	1.6	—	3.2
Amortization of debt issuance costs	1.4	1.2	2.8	2.5
Loss on early extinguishment of debt	0.1	—	2.0	27.9
Foreign currency losses (gains), net	7.2	(0.5)	8.6	2.8
Miscellaneous, net	—	0.1	0.1	0.2
Other expenses, net	29.7	18.2	56.8	71.2
Income from continuing operations before income taxes	32.9	44.1	48.6	40.8
Provision for income taxes	18.5	17.0	25.5	18.2
Income from continuing operations, net of taxes	14.4	27.1	23.1	22.6
Income (loss) from discontinued operations, net of taxes	3.7	(2.4)	0.5	(4.8)
Net income	$18.1	$24.7	$23.6	$17.8
Other comprehensive (loss) income:				
Currency translation adjustment, net of tax [a]	(0.4)	(3.9)	1.2	(4.7)
Amortization of pension related costs, net of tax [b][d]	1.1	1.9	2.3	3.8
Revaluation of derivative financial instruments, net of tax [c]	(1.9)	—	(2.9)	—
Other comprehensive (loss) income	(1.2)	(2.0)	0.6	(0.9)
Total comprehensive income	$16.9	$22.7	$24.2	$16.9
Basic earnings (loss) per common share:				
Continuing operations	$0.27	$0.52	$0.44	$0.43
Discontinued operations	0.07	(0.05)	0.01	(0.09)
Net income	$0.34	$0.47	$0.45	$0.34
Diluted earnings (loss) per common share:				
Continuing operations	$0.27	$0.52	$0.44	$0.43
Discontinued operations	0.07	(0.05)	0.01	(0.09)
Net income	$0.34	$0.47	$0.45	$0.34
Weighted average number of common shares outstanding:				
Basic	52,356,798	52,356,798	52,356,798	52,356,798
Diluted	52,386,381	52,356,798	52,377,214	52,356,798

(a)

Net of tax (benefit) expense of $(0.1) million and $2.0 million for the three months ended June 30, 2014 and 2013, respectively, and $(0.6) million and $2.3 million for the six months ended June 30, 2014 and 2013, respectively.

(b) Net of tax benefit of nil and $(0.4) million for the three months ended June 30, 2014 and 2013, respectively, and nil and $(0.7) million for the six months ended June 30, 2014 and 2013, respectively.

(c) Net of tax expense of $1.2 million and $1.8 million for the three and six months ended June 30, 2014, respectively. This other comprehensive income component is included in the computation of net periodic benefit (income) costs.

(d) See Note 5, "Pension and Post-Retirement Benefits," for additional information regarding net periodic benefit (income) costs.

See Accompanying Notes to Unaudited Consolidated Financial Statements

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REVLON, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIENCY
(dollars in millions)

	Common Stock	Additional Paid-In-Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficiency
Balance, January 1, 2014	$0.5	$ 1,015.3	$(9.8)	$(1,452.7)	$ (149.8)	$(596.5)
Stock-based compensation amortization		0.5				0.5
Net income				23.6		23.6
Other comprehensive income, net [(a)]					0.6	0.6
Balance, June 30, 2014	$0.5	$ 1,015.8	$(9.8)	$(1,429.1)	$ (149.2)	$(571.8)

(a) See Note 12, "Accumulated Other Comprehensive Loss," regarding the changes in the accumulated balances for each component of other comprehensive income during the six months ended June 30, 2014.

See Accompanying Notes to Unaudited Consolidated Financial Statements

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REVLON, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in millions)

	Six Months Ended June 30, 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$23.6	$17.8
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	50.8	34.0
Foreign currency loss from Venezuela re-measurement	6.0	0.6
Amortization of debt discount	0.7	0.8
Stock-based compensation amortization	0.5	—
Provision for deferred income taxes	20.0	10.4
Loss on early extinguishment of debt	2.0	27.9
Amortization of debt issuance costs	2.8	2.5
Gain on sale of certain assets	(0.1)	(0.4)
Pension and other post-retirement income	(2.6)	(0.1)
Change in assets and liabilities:		
(Increase) decrease in trade receivables	(22.1)	23.9
Increase in inventories	(14.7)	(22.9)
Increase in prepaid expenses and other current assets	(4.3)	(24.3)
Increase in accounts payable	4.3	6.1
Decrease in accrued expenses and other current liabilities	(32.6)	(30.4)
Pension and other post-retirement plan contributions	(11.7)	(7.6)
Purchases of permanent displays	(26.3)	(23.0)
Other, net	(2.7)	(4.0)
Net cash (used in) provided by operating activities	(6.4)	11.3
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(13.3)	(12.1)
Proceeds from the sale of certain assets	0.2	0.4
Net cash used in investing activities	(13.1)	(11.7)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in short-term borrowings and overdraft	7.4	2.5
Repayment under the Amended and Restated Senior Subordinated Term Loan	(58.4)	—
Repayments under the Acquisition Term Loan	(3.5)	—
Proceeds from the issuance of the 5¾% Senior Notes	—	500.0
Repayment of the 9¾% Senior Secured Notes	—	(330.0)
Repayments under the 2011 Term Loan	—	(113.0)
Payment of financing costs	(1.8)	(28.7)
Other financing activities	(1.4)	(1.1)
Net cash (used in) provided by financing activities	(57.7)	29.7
Effect of exchange rate changes on cash and cash equivalents	(9.2)	(4.3)
Net (decrease) increase in cash and cash equivalents	(86.4)	25.0
Cash and cash equivalents at beginning of period	244.1	116.3
Cash and cash equivalents at end of period	$157.7	$141.3
Supplemental schedule of cash flow information:		
Cash paid during the period for:		
Interest	$45.3	$34.9

Income taxes, net of refunds	12.7	8.0
Preferred stock dividends	—	3.1

See Accompanying Notes to Unaudited Consolidated Financial Statements

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REVLON, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(except where otherwise noted, all tabular amounts in millions, except share and per share amounts)

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Revlon, Inc. (and together with its subsidiaries, the "Company") conducts its business exclusively through its direct wholly-owned operating subsidiary, Revlon Consumer Products Corporation ("Products Corporation"), and its subsidiaries. Revlon, Inc. is a direct and indirect majority-owned subsidiary of MacAndrews & Forbes Holdings Inc. ("MacAndrews & Forbes Holdings" and, together with certain of its affiliates other than the Company, "MacAndrews & Forbes"), a corporation wholly-owned by Ronald O. Perelman.

The Company's vision is to establish Revlon as the quintessential and most innovative beauty company in the world by offering products that make consumers feel attractive and beautiful. We want to inspire our consumers to express themselves boldly and confidently. The Company operates in two segments, the consumer division ("Consumer") and the professional division ("Professional"), and manufactures, markets and sells worldwide an extensive array of beauty and personal care products, including cosmetics, hair color, hair care and hair treatments, beauty tools, men's grooming products, anti-perspirant deodorants, fragrances, skincare and other beauty care products. The Company's principal customers for its products in the Consumer segment include large mass volume retailers and chain drug and food stores (collectively, the "mass retail channel") in the U.S. and internationally, as well as certain department stores and other specialty stores, such as perfumeries, outside the U.S. The Company's principal customers for its products in the Professional segment include hair and nail salons and distributors in the U.S. and internationally.

The accompanying Consolidated Financial Statements are unaudited. In management's opinion, all adjustments necessary for a fair presentation have been made. The Unaudited Consolidated Financial Statements include the accounts of the Company after the elimination of all material intercompany balances and transactions.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") requires management to make estimates and assumptions that affect amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the periods presented. Actual results could differ from these estimates. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the consolidated financial statements in the period they are determined to be necessary. Significant estimates made in the accompanying Unaudited Consolidated Financial Statements include, but are not limited to, allowances for doubtful accounts, inventory valuation reserves, expected sales returns and allowances, trade support costs, certain assumptions related to the valuation of acquired intangible and long-lived assets and the recoverability of intangible and long-lived assets, income taxes, including deferred tax valuation allowances and reserves for estimated tax liabilities, restructuring costs, certain estimates and assumptions used in the calculation of the net periodic benefit (income) costs and the projected benefit obligations for the Company's pension and other post-retirement plans, including the expected long-term return on pension plan assets and the discount rate used to value the Company's pension benefit obligations. The Unaudited Consolidated Financial Statements should be read in conjunction with the consolidated financial statements and related notes contained in Revlon, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2013, filed with the U.S. Securities and Exchange Commission (the "SEC") on March 5, 2014 (the "2013 Form 10-K").

The Company's results of operations and financial position for interim periods are not necessarily indicative of those to be expected for a full year.

Certain prior year amounts in the Unaudited Consolidated Financial Statements have been reclassified to conform to the current period's presentation.

Immaterial Correction - Presentation of Consolidated Balance Sheet as of December 31, 2013:

The previously recorded deferred income taxes - noncurrent, which represent the Company's noncurrent deferred tax assets, and other long-term liabilities, which include the Company's noncurrent deferred tax liabilities, as of December 31, 2013 were retrospectively corrected to reflect the Consumer and Professional U.S. entities as one tax-paying component, as well as to appropriately reflect offsetting noncurrent deferred tax assets and noncurrent deferred tax liabilities within other Professional entities. The Company has deemed the correction to be immaterial as there is no

impact to the Company’s results of operations, cash flows, and stockholders’ deficiency for any period. This immaterial correction decreased deferred income taxes - noncurrent and other long-term liabilities, as of December 31, 2013, to $65.7 million and $80.1 million, respectively, as reported in the accompanying Consolidated Balance Sheet, from the previously reported amounts of $179.6 million and $194.0 million, respectively.
Discontinued Operations Presentation
As a result of the Company's decision on December 30, 2013 to exit its business operations in China, the Company is reporting the results of its China operations within loss from discontinued operations, net of taxes in the Company's Unaudited Consolidated

Statements of Income and Comprehensive Income. Accordingly, prior year amounts have been reclassified to conform to the current period's presentation. See Note 4, "Discontinued Operations," for further discussion.

Impact of Foreign Currency Translation - Venezuela Currency

In January 2014, the Venezuela government announced that the Comisión de Administracion de Divisas (“CADIVI”) would be replaced by the government-operated National Center of Foreign Commerce (the "CENCOEX"), and indicated that the Sistema Complementario de Administración de Divisas (“SICAD”) market would continue to be offered as an alternative foreign currency exchange. Additionally, a parallel foreign currency exchange system has been developed, SICAD II, which started functioning on March 24, 2014 and for the second quarter of 2014, the SICAD II exchange market had an average transaction rate to the Company of approximately 53 Bolivars per U.S. Dollar (the “SICAD II Rate”). The SICAD II market allows companies to apply for the purchase of foreign currency and foreign currency denominated securities for any legal use or purpose.

During the second quarter of 2014, the Company continued to exchange Bolivars for U.S. Dollars to the extent permitted through the CENCOEX, SICAD and SICAD II markets based on its ability to participate in those markets. As a result, the Company considered its specific facts and circumstances in order to determine the appropriate rate of exchange to translate Revlon Venezuela’s financial statements. Based on the Company’s assessment of factors, including of its legal ability and intent to continue to participate in the SICAD II exchange market to import finished goods into Venezuela, the Company determined that it was appropriate to utilize the SICAD II Rate of 53 Bolivars per U.S. Dollar to translate Revlon Venezuela’s balance sheet as of June 30, 2014.

As a result of the change from the official rate of 6.3 Bolivars per U.S. Dollar to the SICAD II Rate on June 30, 2014, the Company was required to re-measure all of Revlon Venezuela’s monetary assets and liabilities at the rate of 53 Bolivars per U.S. Dollar as of June 30, 2014. Non-monetary assets and liabilities continue to be measured at their historical rates. The Company recorded a foreign currency loss of $6.0 million in the second quarter of 2014 as a result of the required re-measurement of Revlon Venezuela’s balance sheet. As Venezuela was designated as a highly inflationary economy effective January 1, 2010, the Company reflected this foreign currency loss in earnings.

Recently Adopted Accounting Pronouncements

In March 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-04, “Accounting for Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation is Fixed at the Reporting Date,” requiring an entity to record an obligation resulting from joint and several liability arrangements at the greater of the amount that the entity has agreed to pay or the amount the entity expects to pay. Additional disclosures about joint and several liability arrangements will also be required. This guidance is effective for fiscal periods beginning after December 15, 2013, and is applied retrospectively for obligations that existed at the beginning of the fiscal year for which the entity adopted such guidance, with early adoption permitted. The Company adopted ASU No. 2013-04 beginning January 1, 2014, and such adoption did not have an impact on the Company's results of operations, financial condition or disclosures.

Recently Issued Accounting Pronouncements

In April 2014, the FASB issued ASU No. 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity," which changes the requirements for reporting discontinued operations under Accounting Standards Codification Topic 205. Under ASU No. 2014-08, a disposal of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has, or will have, a major effect on an entity’s operations and financial results. The standard states that a strategic shift could include a disposal of (i) a major geographical area of operations, (ii) a major line of business, (iii) a major equity method investment or (iv) other major parts of an entity. ASU No. 2014-08 no longer precludes presentation as a discontinued operation if (i) there are operations and cash flows of the component that have not been eliminated from the reporting entity’s ongoing operations or (ii) there is significant continuing involvement with a component after its disposal. Additional disclosures about discontinued operations will also be required. The guidance is effective for annual periods beginning on or after December 15, 2014, and is to be applied prospectively to new disposals and new classifications of disposal groups as held for sale after the effective date. The Company expects to adopt ASU No. 2014-08 on a prospective basis beginning January 1, 2015.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers," which supersedes the revenue recognition requirements in the Accounting Standards Codification ("Codification") Topic 605, Revenue Recognition, and most industry-specific guidance throughout the Industry Topics of the Codification. The core principle of the new ASU No. 2014-09 is for companies to recognize revenue from the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The guidance is effective for annual and interim periods beginning after December 15, 2016, with early adoption prohibited. The Company expects to adopt

ASU No. 2014-09 beginning January 1, 2017 and is in the process of assessing the impact that the new guidance will have on the Company's results of operations, financial condition and disclosures.

2. BUSINESS COMBINATION

The Colomer Acquisition

On October 9, 2013 (the "Acquisition Date"), Products Corporation completed its acquisition of The Colomer Group Participations, S.L. ("Colomer" and the "Colomer Acquisition"), a Spanish company which primarily manufactures, markets and sells professional products to hair and nail salons and other professional channels under brands such as Revlon Professional, CND, including CND Shellac, and American Crew, as well as retail and multi-cultural product lines. The cash purchase price for the Colomer Acquisition was $664.5 million, which Products Corporation financed with proceeds from the Acquisition Term Loan under the Amended Term Loan Facility (both as hereinafter defined). The Colomer Acquisition provides the Company with broad brand, geographic and channel diversification and substantially expands the Company's business, providing both distribution into new channels and cost synergy opportunities.

The results of operations of the Colomer business are included in the Company’s Consolidated Financial Statements commencing on the Acquisition Date.

For the three months ended June 30, 2014, the Company incurred $0.7 million of acquisition and integration costs in the Consolidated Statements of Income and Comprehensive Income, which consist of integration costs related to the Colomer Acquisition. For the six months ended June 30, 2014, the Company incurred $4.5 million of acquisition and integration costs in the Consolidated Statements of Income and Comprehensive Income, which consist of $0.4 million of acquisition costs and $4.1 million of integration costs related to the Colomer Acquisition. The acquisition costs primarily include legal and consulting fees related to the Colomer Acquisition. The integration costs consist of non-restructuring costs related to the Company's plans to integrate Colomer's operations into the Company's business, and, for 2014, primarily include employee-related costs related to management changes and audit-related fees.

Purchase Price Allocation

The Company accounted for the Colomer Acquisition as a business combination during the fourth quarter of 2013. The table below summarizes the amounts recognized for assets acquired and liabilities assumed as of the Acquisition Date, as well as adjustments made in the period after the Acquisition Date to the amounts initially recorded in 2013 (the "Measurement Period Adjustments"). Accordingly, the Company retrospectively adjusted its balance sheet as of December 31, 2013 to reflect these Measurement Period Adjustments. The Measurement Period Adjustments did not have a material impact on the Company's Consolidated Statements of Income and Comprehensive Income for the year ended December 31, 2013.

REVLON, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(except where otherwise noted, all tabular amounts in millions, except share and per share amounts)

The total consideration of $664.5 million was recorded based on the respective estimated fair values of the net assets acquired on the Acquisition Date with resulting goodwill, as follows:

	Amounts Previously Recognized As of October 9, 2013 (Provisional) [a]	Measurement Period Adjustments	Amounts Recognized as of Acquisition Date (Adjusted)
Cash and cash equivalents	$36.9	$—	$36.9
Trade receivables	83.9	—	83.9
Inventories	75.1	—	75.1
Prepaid expenses and other	31.3	—	31.3
Property, plant and equipment	96.7	—	96.7
Intangible assets[b]	292.7	5.4	298.1
Goodwill[b][c]	255.7	(2.4)	253.3
Deferred tax asset - non-current	53.1	—	53.1
Other assets[c]	1.9	3.9	5.8
Total assets acquired	927.3	6.9	934.2
Accounts payable	48.0	—	48.0
Accrued expenses and other	65.6	—	65.6
Long-term debt	0.9	—	0.9
Long-term pension and other benefit plan liabilities	4.5	—	4.5
Deferred tax liability[b]	123.3	2.1	125.4
Other long-term liabilities[c]	20.5	4.8	25.3
Total liabilities assumed	262.8	6.9	269.7
Total consideration	$664.5	$—	$664.5

[a] As previously reported in Revlon, Inc.'s 2013 Form 10-K.
[b] The Measurement Period Adjustments to intangible assets, deferred tax liability and goodwill in the first quarter of 2014 related to a change in assumptions used to calculate the fair value of an acquired customer relationship intangible asset, which increased the intangible asset by $5.4 million and extended the life of the asset from 10 to 20 years, increased deferred tax liabilities by $2.1 million, and resulted in a net decrease to goodwill of $3.3 million.
[c] The Company recorded a $3.9 million income tax adjustment to the beginning tax balance within other assets and a $4.8 million adjustment to other long-term liabilities, resulting in a net increase to goodwill of $0.9 million.

The fair values of the net assets acquired in the Colomer Acquisition are based on management’s preliminary estimate of the respective fair values. The estimated fair values of net assets and resulting goodwill are subject to the Company finalizing its analysis of the fair value of Colomer’s assets and liabilities as of the Acquisition Date and may be adjusted upon completion of such analysis. In addition, information unknown at the time of the Colomer Acquisition could result in adjustments to the respective fair values and resulting goodwill within the year following the Colomer Acquisition.

In determining the fair values of net assets acquired and resulting goodwill, the Company considered, among other factors, an analysis of Colomer's historical financial performance and an estimate of the future performance of the acquired business, as well as market participants' intended use of the acquired assets.

REVLON, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(except where otherwise noted, all tabular amounts in millions, except share and per share amounts)

The acquired intangible assets, based on the fair values of the identifiable intangible assets, are as follows:

	Fair Values at October 9, 2013	Weighted Average Remaining Useful Life (in years)
Trade names, indefinite-lived	$108.6	Indefinite
Trade names, finite-lived	109.4	5 - 20
Customer relationships	62.4	15 - 20
License agreement	4.1	10
Internally-developed IP	13.6	10
Total acquired intangible assets	$298.1	

Unaudited Pro Forma Results

The following table presents the Company's pro forma consolidated net sales and income from continuing operations, before income taxes for the three and six months ended June 30, 2013. The unaudited pro forma results include the historical consolidated statements of operations of the Company and Colomer, giving effect to the Colomer Acquisition and related financing transactions as if they had occurred on January 1, 2012.

	Unaudited Pro Forma Results	
	Three Months Ended June 30, 2013	Six Months Ended June 30, 2013
Net sales	$484.2	$934.2
Income from continuing operations, before income taxes	52.9	48.9

The pro forma results, prepared in accordance with U.S. GAAP, include the following pro forma adjustments related to the Colomer Acquisition:

(i) the pro forma increase in depreciation and amortization expense based on the fair value adjustments to property, plant and equipment and acquired finite-lived intangible assets recorded in connection with the Colomer Acquisition of $4.6 million and $9.2 million in the three and six months ended June 30, 2013, respectively;

(ii) the elimination of acquisition and integration costs recognized by the Company and Colomer of $0.8 million for the three and six months ended June 30, 2013; and

(iii) the pro forma increase in interest expense and amortization of debt issuance costs, resulting from the issuance of the Acquisition Term Loan used by Products Corporation to finance the Colomer Acquisition, for a total combined increase of $6.2 million and $12.3 million in the three and six months ended June 30, 2013, respectively.

The unaudited pro forma results do not include: (1) any revenue or cost reductions that may be achieved through the business combination; or (2) the impact of non-recurring items directly related to the business combination.

The unaudited pro forma results are not necessarily indicative of the operating results that would have occurred if the Colomer Acquisition had been completed as of the date for which the pro forma financial information is presented. In addition, the unaudited pro forma results do not purport to project the future consolidated operating results of the combined company.

3. RESTRUCTURING CHARGES

Integration Program

In January 2014, the Company announced that it was implementing actions to integrate Colomer’s operations into the Company’s business, as well as additional restructuring actions identified to reduce costs across the Company’s businesses (all such actions, together, the “Integration Program”).

The Company expects to recognize total restructuring charges, capital expenditures and related non-restructuring costs under the Integration Program of approximately $50 million in the aggregate over the periods described below.

The Integration Program is designed to deliver cost reductions throughout the combined organization by generating synergies and operating efficiencies within the Company’s global supply chain and consolidating offices and back office support, and other actions designed to reduce selling, general and administrative ("SG&A") expenses. Certain actions that are part of the Integration

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Program are subject to consultations with employees, works councils or unions and governmental authorities. The Company expects to substantially complete the Integration Program by the end of 2015.
The approximately $50 million of total expected non-restructuring costs, capital expenditures and restructuring charges under the Integration Program referred to above consist of the following:

1. $12.5 million and $4.1 million of non-restructuring integration costs recognized in 2013 and for the six months ended June 30, 2014, respectively. Such costs have been reflected within acquisition and integration costs in the Company's Consolidated Statements of Income and Comprehensive Income and are related to combining Colomer’s operations into the Company’s business.
2. Expected integration-related capital expenditures of approximately $8 million, $2.2 million of which has been paid in the six months ended June 30, 2014, approximately $3.8 million is expected to be paid during the remainder of 2014 and the remaining balance in 2015.
3. The Company expects total restructuring and related charges of approximately $26 million, $15.7 million of which was recognized for the six months ended June 30, 2014. Approximately $5 million of charges are expected to be recognized during the remainder of 2014 and any remaining charges to be recognized in 2015. A summary of the restructuring and related charges incurred through June 30, 2014 and expected to be incurred for the Integration Program, are as follows:

	Restructuring Charges and Other, Net					
	Employee Severance and Other Personnel Benefits	Other	Total Restructuring Charges	Inventory Write-offs and Other Manufacturing-Related Costs (a)	Other Charges (b)	Total Restructuring and Related Charges
Charges incurred through the six months ended June 30, 2014	$ 14.3	$ 1.0	$ 15.3	$ 0.1	$ 0.3	$ 15.7
Total expected charges	$ 18.0	$ 3.5	$ 21.5	$ 3.0	$ 1.5	$ 26.0

(a) Inventory write-offs and other manufacturing-related costs are recorded within cost of sales within the Company’s Consolidated Statements of Income and Comprehensive Income.
(b) Other charges are recorded within SG&A expenses within the Company’s Consolidated Statements of Income and Comprehensive Income.

Of the $15.7 million of restructuring and related charges recognized through the second quarter 2014, $6.4 million relate to the Consumer segment and $9.3 million relates to the Professional segment.
The Company expects cash payments to total approximately $25 million related to the restructuring and related charges in connection with the Integration Program, of which $4.0 million was paid during the six months ended June 30, 2014, approximately $13 million is expected to be paid in the remainder of 2014 and the balance is expected to be paid in 2015.

December 2013 Program

In December 2013, the Company announced restructuring actions that include exiting its business operations in China, as well as implementing other immaterial restructuring actions outside the U.S. that are expected to generate other operating efficiencies (the "December 2013 Program"). Certain of these restructuring actions are subject to consultations with employees, works councils or unions and governmental authorities and will result in the Company eliminating approximately 1,100 positions in 2014, primarily in China, which included eliminating in the first quarter of 2014 approximately 940 beauty advisors retained indirectly through a third-party agency. The charges incurred for the December 2013 Program relate entirely to the Consumer segment.

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A summary of the restructuring and related charges incurred through June 30, 2014 and expected to be incurred for the December 2013 Program, are as follows:

	Restructuring Charges and Other, Net						
	Employee Severance and Other Personnel Benefits	Other	Total Restructuring Charges	Allowances and Returns	Inventory Write-offs	Other Charges	Total Restructuring and Related Charges
Charges incurred through December 31, 2013	$9.1	$0.5	$ 9.6	$ 7.4	$ 4.0	$ 0.4	$ 21.4
Benefits incurred for the six months ended June 30, 2014 [(a)]	(0.2)	(0.2)	(0.4)	(0.9)	(0.9)	—	(2.2)
Cumulative charges incurred through June 30, 2014	$8.9	$0.3	$ 9.2	$ 6.5	$ 3.1	$ 0.4	$ 19.2
Total expected charges	$8.9	$0.3	$ 9.2	$ 6.5	$ 3.1	$ 0.4	$ 19.2

(a) Benefits incurred for the six months ended June 30, 2014 are recorded within income (loss) from discontinued operations, net of taxes within the Company’s Consolidated Statements of Income and Comprehensive Income. See Note 4, "Discontinued Operations," for further discussion.

The Company expects cash payments related to the December 2013 Program to total approximately $17 million, of which $0.1 million was paid in 2013, $13.8 million was paid during the six months ended June 30, 2014, and the balance is expected to be paid in the remainder of 2014.

September 2012 Program

In September 2012, the Company announced a restructuring (the “September 2012 Program”), which primarily involved the Company exiting its owned manufacturing facility in France and its leased manufacturing facility in Maryland; rightsizing its organizations in France and Italy; and realigning its operations in Latin America and Canada. The charges incurred related to the September 2012 Program relate entirely to the Consumer segment.

During the first six months of 2013, the Company recorded charges related to the September 2012 Program of $3.6 million. Of the $3.6 million charge, $3.3 million was recorded in restructuring charges, $(0.1) million was recorded as a reduction to net sales, $0.2 million was recorded in cost of sales and $0.2 million was recorded in SG&A expenses.

The Company recognized cumulative charges of $27.2 million through December 31, 2013 related to the September 2012 Program, all of which relate to the Company's Consumer segment. There were no charges related to such program for the six months ended June 30, 2014.

The Company expects net cash payments to total approximately $25 million related to the September 2012 Program, of which $21.1 million was paid cumulatively through December 31, 2013, $2.8 million was paid during the six months ended June 30, 2014 and the balance is expected to be paid during the remainder of 2014.

Other Immaterial Actions

During the second quarter and first six months of 2014, the Company recorded charges totaling $2.0 million within restructuring charges and other, net, related to employee-related costs for other immaterial restructuring actions within the Consumer segment.

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Restructuring Reserve
The related liability balance and activity for the restructuring costs are presented below:

	Balance Beginning of Year	(Income) Expense, Net	Foreign Currency Translation	Utilized, Net		Balance End of Year
				Cash	Non-cash	
Integration Program:						
Employee severance and other personnel benefits	$—	$14.3	$ —	$(3.2)	$—	$11.1
Other	—	1.0	—	(0.8)	—	0.2
December 2013 Program:						
Employee severance and other personnel benefits	9.0	(0.2)	(0.2)	(7.2)	—	1.4
Other	0.5	(0.2)	—	(0.3)	—	—
September 2012 Program:						
Employee severance and other personnel benefits	2.7	—	—	(2.0)	—	0.7
Other	1.5	—	—	(0.8)	—	0.7
2014 Other Immaterial Actions:						
Employee severance and other personnel benefits	—	2.0	—	—	—	2.0
Other	—	—	—	—	—	—
Total restructuring reserve	$13.7	$16.9	$ (0.2)	$(14.3)	$—	$16.1
Portion of restructuring benefits recorded within income (loss) from discontinued operations [(a)]		0.4				
Total restructuring charges and other, net, from continuing operations		$17.3				

(a) Refer to Note 4, "Discontinued Operations" for additional information regarding the Company's exit of its business operations in China.

As of June 30, 2014, $15.5 million of the restructuring reserve balance was included within accrued expenses and other and $0.6 million was included within other long-term liabilities in the Company's Consolidated Balance Sheet. As of December 31, 2013, the entire restructuring reserve balance was included within accrued expenses and other in the Company's Consolidated Balance Sheet.

4. DISCONTINUED OPERATIONS
On December 30, 2013, the Company announced that it was implementing restructuring actions that include exiting its business operations in China (refer to Note 3, "Restructuring Charges"). The Company expects to complete such exit by the end of 2014.
The results of the China discontinued operations are included within income (loss) from discontinued operations, net of taxes, within the Consumer segment. The summary comparative financial results of discontinued operations are as follows:

	Three Months Ended June 30,	Six Months Ended June 30,

	2014	2013	2014	2013
Net sales [a]	$2.2	$5.4	$2.6	$11.4
Income (loss) from discontinued operations, before taxes	3.5	(2.7)	0.7	(5.1)
(Benefit from) provision for income taxes	(0.2)	0.3	0.2	0.3
Income (loss) from discontinued operations, net of taxes	3.7	(2.4)	0.5	(4.8)

[a] Net sales during the second quarter and first six months of 2014 primarily represent favorable adjustments to sales returns related to the Company's exit of its China operations.

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Assets and liabilities of discontinued operations included in the Consolidated Balance Sheets consist of the following:

	June 30, 2014	December 31, 2013
Cash and cash equivalents	$5.9	$0.9
Trade receivables, net	—	1.9
Inventories	—	—
Other current assets	0.1	—
Total current assets	6.0	2.8
Total assets	$6.0	$2.8
Accounts payable	$1.8	$4.7
Accrued expenses and other	5.7	27.6
Total current liabilities	7.5	32.3
Other long-term liabilities	—	2.8
Total liabilities	$7.5	$35.1

5. PENSION AND POST-RETIREMENT BENEFITS

The components of net periodic benefit (income) costs for the Company's pension and the other post-retirement benefit plans for the second quarter of 2014 and 2013 were as follows:

	Pension Plans		Other Post-Retirement Benefit Plans	
	Three Months Ended June 30,		Three Months Ended June 30,	
	2014	2013	2014	2013
Net periodic benefit (income) costs:				
Service cost	$0.2	$0.2	$—	$—
Interest cost	7.6	6.9	0.1	0.2
Expected return on plan assets	(10.3)	(9.6)	—	—
Amortization of actuarial loss	1.0	2.2	0.1	0.1
	(1.5)	(0.3)	0.2	0.3
Portion allocated to Revlon Holdings	—	(0.1)	—	—
	$(1.5)	$(0.4)	$0.2	$0.3

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The components of net periodic benefit (income) costs for the Company's pension and the other post-retirement benefit plans for the first six months of 2014 and 2013 were as follows:

	Pension Plans		Other Post-Retirement Benefit Plans	
	Six Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net periodic benefit (income) costs:				
Service cost	$0.4	$0.4	$—	$—
Interest cost	15.1	13.8	0.3	0.3
Expected return on plan assets	(20.7)	(19.1)	—	—
Amortization of actuarial loss	2.2	4.3	0.1	0.2
	(3.0)	(0.6)	0.4	0.5
Portion allocated to Revlon Holdings	—	(0.1)	—	—
	$(3.0)	$(0.7)	$0.4	$0.5

In the three and six months ended June 30, 2014, the Company recognized net periodic benefit income of $(1.3) million and $(2.6) million, respectively, compared to $(0.1) million and $(0.2) million in the three and six months ended June 30, 2013, respectively, primarily due to an increase in the fair value of pension plan assets at December 31, 2013, as well as lower amortization of actuarial losses.

Net periodic benefit (income) costs are reflected in the Company's Unaudited Consolidated Financial Statements as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net periodic benefit (income) costs:				
Cost of sales	$(1.1)	$(0.5)	$(1.8)	$(0.9)
Selling, general and administrative expense	(0.1)	0.6	(0.3)	1.2
Inventories	(0.1)	(0.2)	(0.5)	(0.5)
	$(1.3)	$(0.1)	$(2.6)	$(0.2)

The Company expects that it will have net periodic benefit income of approximately $(5) million for its pension and other post-retirement benefit plans for all of 2014, compared with net periodic benefit income of $(0.4) million in 2013.

During the second quarter of 2014, $5.2 million and $0.2 million were contributed to the Company's pension and post-retirement benefit plans, respectively. During the first six months of 2014, $11.3 million and $0.4 million were contributed to the Company’s pension plans and other post-retirement benefit plans, respectively. The Company currently expects to contribute approximately $20 million in the aggregate to its pension and other post-retirement benefit plans in 2014.

Relevant aspects of the qualified defined benefit pension plans, nonqualified pension plans and other post-retirement benefit plans sponsored by Products Corporation are disclosed in Note 16, "Savings Plan, Pension and Post-Retirement Benefits," to the Consolidated Financial Statements in Revlon, Inc.'s 2013 Form 10-K.

6. SEGMENT DATA AND RELATED INFORMATION

Reportable operating segments include components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker (the “Chief Executive Officer”) in deciding how to allocate resources and in assessing performance. As a result of the similarities in the procurement, marketing and distribution processes for all of the Company’s products, much of the information provided in the consolidated financial statements is similar to, or the same as, that reviewed on a regular basis by the Company's management.

At June 30, 2014, the Company's operations are organized into the following two operating segments, which also represent the Company's reportable segments:

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- Consumer - The Consumer segment is comprised of the Company's consumer brands, which primarily include Revlon, Almay, SinfulColors and Pure Ice in cosmetics; Revlon ColorSilk in women’s hair color; Revlon in beauty tools; and Mitchum in anti-perspirant deodorants. The Company’s principal customers for its consumer products include the mass retail channel, consisting of large mass volume retailers and chain drug and food stores in the U.S. and internationally, as well as certain department stores and other specialty stores, such as perfumeries, outside the U.S. The Consumer segment also includes a skincare and hair color line sold in the mass retail channel, primarily in Spain, which were acquired as part of the Colomer Acquisition.
- Professional - The Professional segment is comprised primarily of the brands which the Company acquired in the Colomer Acquisition, which include Revlon Professional in hair color and hair care; CND-branded products in nail polishes and nail enhancements; and American Crew in men’s grooming products, all of which are sold worldwide in the professional salon channel. The Company’s principal customers for its professional products include hair and nail salons and distributors in the U.S. and internationally. The Professional segment also includes a multi-cultural line consisting of Creme of Nature hair care products sold in the mass retail channel and in professional salons, primarily in the U.S.

The Company's management evaluates segment profit, which is defined as income from continuing operations before interest, taxes, depreciation, amortization, gains/losses on foreign currency fluctuations, gains/losses on the early extinguishment of debt and miscellaneous expenses, for each of the Company's Consumer and Professional segments. Segment profit also excludes unallocated corporate expenses and the impact of certain items that are not directly attributable to the segments' underlying operating performance, which for the three and six months ended June 30, 2014 and 2013 include the impact of: (i) restructuring and related charges; (ii) acquisition and integration costs; (iii) costs of sales resulting from a fair value adjustment to inventory acquired in the Colomer Acquisition; (iv) insurance proceeds received in 2013 related to the 2011 fire that destroyed the Company's facility in Venezuela; and (v) an accrual for estimated clean-up costs related to the Company's facility in Venezuela. Such items are shown in the table reconciling segment profit to consolidated income from continuing operations before income taxes. Unallocated corporate expenses primarily include general and administrative expenses related to the corporate organization. These expenses are recorded in unallocated corporate expenses as these items are centrally directed and controlled and are not included in internal measures of segment operating performance. The Company does not have any material inter-segment sales.

The accounting policies for each of the reportable segments are the same as those described in Note 1, “Description of Business and Summary of Significant Accounting Policies” in Revlon, Inc.'s 2013 Form 10-K. The assets and liabilities of the Company are managed centrally and are reported internally in the same manner as the consolidated financial statements; thus, no additional information regarding assets and liabilities of the Company’s operating segments is produced for the Company's management or included herein.

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The following table is a comparative summary of the Company's net sales and segment profit by operating segment for the three and six months ended June 30, 2014 and 2013:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014 [(a)]	2013	2014 [(a)]	2013
Segment Net Sales:				
Consumer	$367.3	$344.7	$706.8	$670.6
Professional	130.6	—	260.9	—
Total	$497.9	$344.7	$967.7	$670.6
Segment Profit:				
Consumer	$82.4	$85.0	$153.9	$161.3
Professional	31.4	—	63.3	—
Total	$113.8	$85.0	$217.2	$161.3
Reconciliation:				
Segment Profit	$113.8	$85.0	$217.2	$161.3
Less:				
Unallocated corporate expenses	20.1	15.6	35.7	33.2
Depreciation and amortization	26.3	17.0	51.3	34.0
Non-recurring items:				
Restructuring and related charges	4.1	3.3	17.7	3.6
Acquisition and integration costs	0.7	0.4	4.5	0.4
Inventory purchase accounting adjustment, cost of sales	—	—	2.6	—
Gain from insurance proceeds related to Venezuela fire	—	(18.1)	—	(26.4)
Accrual for clean-up costs related to destroyed facility in Venezuela	—	4.5	—	4.5
Operating Income	62.6	62.3	105.4	112.0
Less:				
Interest Expense	21.0	15.8	43.3	34.6
Interest Expense - Preferred Stock	—	1.6	—	3.2
Amortization of debt issuance costs	1.4	1.2	2.8	2.5
Loss on early extinguishment of debt	0.1	—	2.0	27.9
Foreign currency losses (gains), net	7.2	(0.5)	8.6	2.8
Miscellaneous, net	—	0.1	0.1	0.2
Income from continuing operations before income taxes	$32.9	$44.1	$48.6	$40.8

[(a)] Consumer segment net sales and segment profit include the results of retail brands acquired in the Colomer Acquisition, which had previously been included in the Professional segment.

As of June 30, 2014, the Company had operations established in 24 countries outside of the U.S. and its products are sold throughout the world. Generally, net sales by geographic area are presented by attributing revenues from external customers on the basis of where the products are sold.

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In the tables below, certain prior year amounts have been reclassified to conform to the current period’s presentation.

	Three Months Ended June 30,				Six Months Ended June 30,			
	2014		2013		2014		2013	
Geographic area:								
Net sales:								
United States	$255.2	51%	$203.9	59%	$505.4	52%	$396.0	59%
Outside of the United States	242.7	49%	140.8	41%	462.3	48%	274.6	41%
	$497.9		$344.7		$967.7		$670.6	

	June 30, 2014		December 31, 2013	
Long-lived assets, net:				
United States	$843.6	73%	$837.0	73%
Outside of the United States	305.4	27%	315.1	27%
	$1,149.0		$1,152.1	

	Three Months Ended June 30,				Six Months Ended June 30,			
	2014		2013		2014		2013	
Classes of similar products:								
Net sales:								
Color cosmetics	$265.6	53%	$230.6	67%	$520.9	54%	$449.8	67%
Hair care	142.0	29%	46.3	13%	272.7	28%	87.9	13%
Beauty care and fragrance	90.3	18%	67.8	20%	174.1	18%	132.9	20%
	$497.9		$344.7		$967.7		$670.6	

7. INVENTORIES

	June 30, 2014	December 31, 2013
Raw materials and supplies	$58.2	$50.8
Work-in-process	12.6	12.8
Finished goods	119.0	111.4
	$189.8	$175.0

8. GOODWILL AND INTANGIBLE ASSETS, NET
Goodwill

The following table presents the changes in goodwill by segment during the six months ended June 30, 2014:

	Consumer	Professional	Total
Balance at December 31, 2013 before Measurement Period Adjustments [(a)]	$217.9	$256.8	$474.7
Measurement Period Adjustments	—	(2.4)	(2.4)
Balance at December 31, 2013	217.9	254.4	472.3
Foreign currency translation adjustment	—	(0.3)	(0.3)
Balance at June 30, 2014	$217.9	$254.1	$472.0

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[a] As previously reported in Revlon, Inc.'s 2013 Form 10-K.

During the first quarter of 2014, the Company recorded Measurement Period Adjustments to certain net assets and intangible assets acquired in the Colomer Acquisition on October 9, 2013. See Note 2, "Business Combination" for further discussion of the Colomer Acquisition.

Intangible Assets, Net

The following tables present details of the Company's total intangible assets:

	June 30, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-lived intangible assets:			
Trademarks and Licenses	$142.6	$(17.9)	$124.7
Customer relationships	111.5	(10.2)	101.3
Patents and Internally-Developed IP	15.7	(1.6)	14.1
Total finite-lived intangible assets	$269.8	$(29.7)	$240.1
Indefinite-lived intangible assets:			
Trade Names	$109.5		$109.5
Total indefinite-lived intangible assets	$109.5		$109.5
Total intangible assets	$379.3	$(29.7)	$349.6

	December 31, 2013 [a]		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-lived intangible assets:			
Trademarks and Licenses	$142.1	$(11.0)	$131.1
Customer relationships	111.5	(6.7)	104.8
Patents and Internally-Developed IP	15.8	(1.3)	14.5
Total finite-lived intangible assets	$269.4	$(19.0)	$250.4
Indefinite-lived intangible assets:			
Trade Names	$109.7		$109.7
Total indefinite-lived intangible assets	$109.7		$109.7
Total intangible assets	$379.1	$(19.0)	$360.1

[a] During the first quarter of 2014, the Company recorded Measurement Period Adjustments to customer relationships acquired in the Colomer Acquisition on October 9, 2013. Accordingly, the prior period has been retrospectively adjusted for such Measurement Period Adjustments. Refer to Note 2, "Business Combination" for additional details.

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9. ACCRUED EXPENSES AND OTHER

	June 30, 2014	December 31, 2013
Sales returns and allowances	$65.9	$91.5
Compensation and related benefits	57.8	74.5
Advertising and promotional costs	52.0	42.9
Taxes	25.3	28.5
Interest	10.9	13.8
Restructuring reserve	15.5	13.7
Other	47.0	48.8
	$274.4	$313.7

10. LONG-TERM DEBT

	June 30, 2014	December 31, 2013
Amended Term Loan Facility: Acquisition Term Loan due 2019, net of discounts [a]	$695.0	$698.3
Amended Term Loan Facility: 2011 Term Loan due 2017, net of discounts [a]	671.0	670.1
Amended Revolving Credit Facility [b]	—	—
5¾% Senior Notes due 2021 [c]	500.0	500.0
Amended and Restated Senior Subordinated Term Loan due 2014 [d]	—	58.4
Spanish Government Loan due 2025 [e]	0.9	0.9
	1,866.9	1,927.7
Less current portion	(7.0)	(65.4)
	$1,859.9	$1,862.3

[a] In February 2014, Products Corporation entered into an amendment (the “February 2014 Term Loan Amendment”) to its amended term loan agreement, which is comprised of (i) the $675.0 million term loan due November 19, 2017 (the "2011 Term Loan") and (ii) the $700.0 million term loan due October 8, 2019 (the "Acquisition Term Loan"), which had $696.5 million in aggregate principal balance outstanding as of June 30, 2014 (together, the "Amended Term Loan Agreement"). The February 2014 Term Loan Amendment reduced the interest rates applicable to the 2011 Term Loan. See "Recent Debt Transactions - February 2014 Term Loan Amendment" below for further discussion. Additionally, see Note 11, "Long-Term Debt and Redeemable Preferred Stock," to the Consolidated Financial Statements in Revlon, Inc.'s 2013 Form 10-K for additional details regarding Products Corporation's Amended Term Loan Agreement.
[b] See Note 11, "Long-Term Debt and Redeemable Preferred Stock," to the Consolidated Financial Statements in Revlon, Inc.'s 2013 Form 10-K for certain details regarding Products Corporation's existing $175.0 million asset-based, multi-currency revolving credit facility (the "Amended Revolving Credit Facility").
[c] See Note 11, "Long-Term Debt and Redeemable Preferred Stock," to the Consolidated Financial Statements in Revlon, Inc.'s 2013 Form 10-K for certain details regarding Products Corporation's 5¾% Senior Notes that mature on February 15, 2021.
[d] See "Recent Debt Transactions - Repayment of Non-Contributed Loan" below and Note 11, "Long-Term Debt and Redeemable Preferred Stock," to the Consolidated Financial Statements in Revlon, Inc.'s 2013 Form 10-K for certain details regarding the $58.4 million non-contributed loan portion of the Amended and Restated Senior Subordinated Term Loan Agreement (the "Non-Contributed Loan"), which Products Corporation optionally prepaid on May 1, 2014.
[e] See Note 11, "Long-Term Debt and Redeemable Preferred Stock," to the Consolidated Financial Statements in Revlon, Inc.'s 2013 Form 10-K for certain details regarding the euro-denominated loan payable to the Spanish

government which matures on June 30, 2025.

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Recent Debt Transactions

February 2014 Term Loan Amendment

In February 2014, Products Corporation entered into the February 2014 Term Loan Amendment to its Amended Term Loan Agreement among Products Corporation, as borrower, a syndicate of lenders and Citicorp USA, Inc., as administrative and collateral agent.

Pursuant to the February 2014 Term Loan Amendment, the interest rates applicable to Eurodollar Loans under the $675.0 million 2011 Term Loan bear interest at the Eurodollar Rate plus 2.5% per annum, with the Eurodollar Rate not to be less than 0.75% (compared to 3.0% and 1.0%, respectively, prior to the February 2014 Term Loan Amendment), while Alternate Base Rate Loans under the 2011 Term Loan bear interest at the Alternate Base Rate plus 1.5%, with the Alternate Base Rate not to be less than 1.75% (compared to 2.0% in each case prior to the February 2014 Term Loan Amendment) (and as each such term is defined in the Amended Term Loan Agreement). The 2011 Term Loan is subject to a 1% premium in connection with any repricing transaction occurring prior to the date that is 12 months after the closing of such amendment (or February 26, 2015).

Products Corporation's Acquisition Term Loan and Amended Revolving Credit Facility were not amended in connection with the February 2014 Term Loan Amendment.

For the six months ended June 30, 2014, the Company incurred approximately $1.1 million of fees and expenses in connection with the February 2014 Term Loan Amendment, which were expensed as incurred, and wrote-off $0.8 million of unamortized debt discount and deferred financing costs as a result of the February 2014 Term Loan Amendment. These amounts, totaling $1.9 million, were recognized within loss on early extinguishment of debt in the Company’s Consolidated Statements of Income and Comprehensive Income for the six months ended June 30, 2014.

Repayment of Non-Contributed Loan

On May 1, 2014, Products Corporation used available cash on hand to optionally prepay in full the remaining $58.4 million principal amount outstanding under the Non-Contributed Loan that remained owing from Products Corporation to various third parties. The Non-Contributed Loan would have otherwise matured on October 8, 2014. In connection with the repayment, the Company wrote-off $0.1 million of deferred financing costs, which were recognized within loss on early extinguishment of debt in the Company's Consolidated Statements of Income and Comprehensive Income for the six months ended June 30, 2014.

Covenants

Products Corporation was in compliance with all applicable covenants under the Amended Term Loan Agreement and the Amended Revolving Credit Facility as of June 30, 2014. At June 30, 2014, the aggregate principal amounts outstanding under the Acquisition Term Loan and the 2011 Term Loan were $696.5 million and $675.0 million, respectively, and availability under the $175.0 million Amended Revolving Credit Facility, based upon the calculated borrowing base less $9.1 million of outstanding undrawn letters of credit and nil then drawn on the Amended Revolving Credit Facility, was $165.9 million.

Products Corporation was in compliance with all applicable covenants under its 5¾% Senior Notes Indenture as of June 30, 2014.

11. BASIC AND DILUTED EARNINGS (LOSS) PER COMMON SHARE

Shares used in basic earnings (loss) per share are computed using the weighted average number of common shares outstanding during each period. Shares used in diluted earnings (loss) per share include the dilutive effect of unvested restricted shares and outstanding stock options under the Company’s stock plan using the treasury stock method. For the three months ended June 30, 2013 and the six months ended June 30, 2014 and 2013, all outstanding options to purchase shares of Revlon, Inc. Class A common stock, par value of $0.01 per share (the “Class A Common Stock”), that could potentially dilute basic earnings per common share in the future were excluded from the calculation of diluted earnings per common share as their effect would be anti-dilutive, as in each case their exercise price was in excess of the average NYSE closing price of the Class A Common Stock for these periods.

For the three and six months ended June 30, 2014, there are 90,417 and 99,584 weighted average shares, respectively, of unvested restricted stock that could potentially dilute basic earnings per common share in the future that were excluded from the calculation of diluted earnings per common share as their effect would be anti-dilutive. For the three and six months ended June 30, 2013, there were no shares of unvested restricted stock outstanding.
The components of basic and diluted earnings (loss) per common share for the three and six months ended June 30, 2014 and 2013 are as follows:

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Numerator:				
Income from continuing operations, net of taxes	$14.4	$27.1	$23.1	$22.6
Income (loss) from discontinued operations, net of taxes	3.7	(2.4)	0.5	(4.8)
Net income	$18.1	$24.7	$23.6	$17.8
Denominator:				
Weighted average common shares outstanding – Basic	52,356,798	52,356,798	52,356,798	52,356,798
Effect of dilutive restricted stock	29,583	—	20,416	—
Weighted average common shares outstanding – Diluted	52,386,381	52,356,798	52,377,214	52,356,798
Basic earnings (loss) per common share:				
Continuing operations	$0.27	$0.52	$0.44	$0.43
Discontinued operations	0.07	(0.05)	0.01	(0.09)
Net income	$0.34	$0.47	$0.45	$0.34
Diluted earnings (loss) per common share:				
Continuing operations	$0.27	$0.52	$0.44	$0.43
Discontinued operations	0.07	(0.05)	0.01	(0.09)
Net income	$0.34	$0.47	$0.45	$0.34

12. ACCUMULATED OTHER COMPREHENSIVE LOSS

The components of accumulated other comprehensive loss as of June 30, 2014 are as follows:

	Foreign Currency Translation	Actuarial (Loss) Gain on Post-retirement Benefits	Deferred Gain - Hedging	Accumulated Other Comprehensive Loss
Balance, January 1, 2014	$19.2	$ (170.5)	$1.5	$(149.8)
Currency translation adjustment, net of tax benefit of $0.6 million	1.2	—	—	1.2
Amortization of pension related costs, net of tax of nil [(a)]	—	2.3	—	2.3
Revaluation of derivative financial instrument, net of tax of $1.8 million[(b)]	—	—	(2.9)	(2.9)
Other comprehensive income (loss)	1.2	2.3	(2.9)	0.6
Balance, June 30, 2014	$20.4	$ (168.2)	$(1.4)	$(149.2)

(a) Amount represents the change in accumulated other comprehensive loss as a result of the amortization of unrecognized prior service costs and actuarial losses (gains) arising during each year related to the Company’s pension and other post-retirement plans. See Note 5, “Pension and Post-retirement Benefits,” for further discussion of the Company’s pension and other post-retirement plans.

(b) For the six months ended June 30, 2014, the 2013 Interest Rate Swap (as hereinafter defined) was deemed effective and therefore the changes in fair value related to the 2013 Interest Rate Swap are recorded in other comprehensive income. See Note 14, "Financial Instruments," for further discussion of the 2013 Interest Rate Swap.

13. FAIR VALUE MEASUREMENTS

Assets and liabilities are required to be categorized into three levels of fair value based upon the assumptions used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3, if applicable, generally would require significant management judgment. The three levels for categorizing the fair value measurement of assets and liabilities are as follows:

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- Level 1: Fair valuing the asset or liability using observable inputs, such as quoted prices in active markets for identical assets or liabilities;

- Level 2: Fair valuing the asset or liability using inputs other than quoted prices that are observable for the applicable asset or liability, either directly or indirectly, such as quoted prices for similar (as opposed to identical) assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active; and

- Level 3: Fair valuing the asset or liability using unobservable inputs that reflect the Company's own assumptions regarding the applicable asset or liability.

As of June 30, 2014, the fair values of the Company's financial assets and liabilities that are required to be measured at fair value are categorized in the table below:

	Total	Level 1	Level 2	Level 3
Assets:				
Derivatives:				
FX Contracts[(a)]	$—	$—	$—	$—
2013 Interest Rate Swap[(b)]	—	—	—	—
Total assets at fair value	$—	$—	$—	$—
Liabilities:				
Derivatives:				
FX Contracts[(a)]	$0.9	$—	$0.9	$—
2013 Interest Rate Swap[(b)]	2.1	—	2.1	—
Total liabilities at fair value	$3.0	$—	$3.0	$—

As of December 31, 2013, the fair values of the Company's financial assets and liabilities that are required to be measured at fair value are categorized in the table below:

	Total	Level 1	Level 2	Level 3
Assets:				
Derivatives:				
FX Contracts[(a)]	$1.0	$—	$1.0	$—
2013 Interest Rate Swap[(b)]	2.5	—	2.5	—
Total assets at fair value	$3.5	$—	$3.5	$—
Liabilities:				
Derivatives:				
FX Contracts[(a)]	$0.2	$—	$0.2	$—
Total liabilities at fair value	$0.2	$—	$0.2	$—

(a) The fair value of the Company's foreign currency forward exchange contracts ("FX Contracts") was measured based on observable market transactions of spot and forward rates on the respective dates. See Note 14, "Financial Instruments."

(b) The fair value of the Company's 2013 Interest Rate Swap was measured based on the implied forward rates from the U.S. Dollar three-month LIBOR yield curve on the respective dates. See Note 14, "Financial Instruments."

As of June 30, 2014, the fair values and carrying values of the Company's long-term debt, including the current portion of long-term debt, are categorized in the table below:

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	Fair Value				
	Level 1	Level 2	Level 3	Total	Carrying Value
Liabilities:					
Long-term debt, including current portion	$—	$1,890.4	$—	$1,890.4	$1,866.9

As of December 31, 2013, the fair values and carrying values of the Company's long-term debt, including the current portion of long-term debt, are categorized in the table below:

	Fair Value				
	Level 1	Level 2	Level 3	Total	Carrying Value
Liabilities:					
Long-term debt, including current portion	$—	$1,931.9	$—	$1,931.9	$1,927.7

The fair value of the Company's long-term debt, including the current portion of long-term debt, is based on the quoted market prices for the same issues or on the current rates offered for debt of similar remaining maturities.
The carrying amounts of cash and cash equivalents, trade receivables, notes receivable, accounts payable and short-term borrowings approximate their fair values.

14. FINANCIAL INSTRUMENTS

Products Corporation maintains standby and trade letters of credit for various corporate purposes under which Products Corporation is obligated, of which $9.1 million and $9.9 million (including amounts available under credit agreements in effect at that time) were maintained at June 30, 2014 and December 31, 2013, respectively. Included in these amounts is approximately $7.8 million and $8.1 million at June 30, 2014 and December 31, 2013, respectively, in standby letters of credit which support Products Corporation's self-insurance programs. The estimated liability under such programs is accrued by Products Corporation.

Derivative Financial Instruments

The Company uses derivative financial instruments, primarily (i) FX Contracts, intended for the purpose of managing foreign currency exchange risk by reducing the effects of fluctuations in foreign currency exchange rates on the Company's net cash flows, and (ii) interest rate hedging transactions, such as the 2013 Interest Rate Swap, intended for the purpose of managing interest rate risk associated with Products Corporation's variable rate indebtedness.

Foreign Currency Forward Exchange Contracts

The FX Contracts are entered into primarily to hedge the anticipated net cash flows resulting from inventory purchases and intercompany payments denominated in currencies other than the local currencies of the Company's foreign and domestic operations and generally have maturities of less than one year.
The U.S. Dollar notional amount of the FX Contracts outstanding at June 30, 2014 and December 31, 2013 was $39.4 million and $52.9 million, respectively.

Interest Rate Swap Transaction

In November 2013, Products Corporation executed a forward-starting floating-to-fixed interest rate swap transaction with a 1.00% floor, based on a notional amount of $400 million in respect of indebtedness under the Acquisition Term Loan over a period of three years (the "2013 Interest Rate Swap"). The Company designated the 2013 Interest Rate Swap as a cash flow hedge of the variability of the forecasted three-month LIBOR interest rate payments related to its Acquisition Term Loan with respect to the $400 million notional amount over the three-year term of the 2013 Interest Rate Swap. Under the terms of the 2013 Interest Rate Swap, Products Corporation will receive from the counterparty a floating interest rate based on the higher of three-month USD LIBOR or 1.00% commencing in May 2015, while paying a fixed interest rate payment to the counterparty equal to 2.0709% (which effectively fixes the interest rate on such notional amount at 5.0709% over the three-year term of the 2013 Interest Rate Swap.) For the six months ended

June 30, 2014, the 2013 Interest Rate Swap was deemed effective and therefore the changes in fair value related to the 2013 Interest Rate Swap have been recorded in Other Comprehensive Income.

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Credit Risk

Exposure to credit risk in the event of nonperformance by any of the counterparties is limited to the gross fair value of the derivative instruments in asset positions, which totaled nil and $3.5 million as of June 30, 2014 and December 31, 2013, respectively. The Company attempts to minimize exposure to credit risk by generally entering into derivative contracts with counterparties that have investment-grade credit ratings and are major financial institutions. The Company also periodically monitors any changes in the credit ratings of its counterparties. Given the current credit standing of the Company's derivative instrument counterparties, the Company believes the risk of loss under these derivative instruments arising from any non-performance by any of the counterparties is remote.

Quantitative Information – Derivative Financial Instruments

The effects of the Company’s derivative instruments on its consolidated financial statements were as follows:

(a) Fair Values of Derivative Financial Instruments in Consolidated Balance Sheets:

	Fair Values of Derivative Instruments					
	Assets			Liabilities		
	Balance Sheet Classification	June 30, 2014 Fair Value	December 31, 2013 Fair Value	Balance Sheet Classification	June 30, 2014 Fair Value	December 31, 2013 Fair Value
Derivatives designated as hedging instruments:						
2013 Interest Rate Swap[(i)]	Other assets	—	2.5	Other long-term liabilities	2.1	—
Derivatives not designated as hedging instruments:						
FX Contracts[(ii)]	Prepaid expenses and other	$—	$1.0	Accrued Expenses	$0.9	$0.2

(i) The fair values of the 2013 Interest Rate Swap at June 30, 2014 and December 31, 2013 were measured based on the implied forward rates from the U.S. Dollar three-month LIBOR yield curve at June 30, 2014 and December 31, 2013, respectively.

(ii) The fair values of the FX Contracts at June 30, 2014 and December 31, 2013 were measured based on observable market transactions of spot and forward rates at June 30, 2014 and December 31, 2013, respectively.

(b) Effects of Derivative Financial Instruments on the Unaudited Consolidated Statements of Income and Comprehensive Income for the three and six months ended June 30, 2014 and 2013:

	Amount of Gain (Loss) Recognized in Other Comprehensive Income			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Derivatives designated as hedging instruments:				
2013 Interest Rate Swap	$(3.0)	$—	$(4.6)	$—

	Income Statement Classification	Amount of Gain (Loss) Recognized in Net Income			
		Three Months Ended June 30,		Six Months Ended June 30,	
		2014	2013	2014	2013
Derivatives not designated as hedging instruments:					