IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE REVLON, INC. SHAREHOLDERS LITIGATION	C.A. No. 4578-VCL

AFFIDAVIT OF ROBERT M. KORNREICH

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

ROBERT M. KORNREICH, being duly sworn, deposes and says:

1. I am a member of the firm of Wolf Popper LLP, Co-Lead Counsel (with Rigrodsky & Long, P.A.) for plaintiffs ("Co-Lead Counsel") appointed by the Court in an Order of Consolidation dated June 24, 2009 ("June 24 Order") consolidating four shareholder actions challenging a proposed acquisition by MacAndrews & Forbes, Inc. ("MacAndrews"), the controlling shareholder of Revlon, Inc. ("Revlon" or "the Company"), of all of the Class A Common Stock of Revlon that MacAndrews does not already own. I submit this Affidavit in support of Plaintiffs' Motion Requesting the Court to Affirm its June 24 Order regarding the organization of plaintiffs' counsel for the entire class (the "Opening Motion") and in opposition to the motion of plaintiffs Edward S. Gutman and Lawrence Corneck insofar as they seek to designate their counsel as Co-Lead Counsel for a subclass in the consolidated action that now includes their actions. *See* Stipulation and Proposed Scheduling Order and Order of Consolidation dated February 3, 2010. I have personal knowledge of the matters set forth herein. The purpose of this Affidavit is to set forth the vigorous efforts of Co-Lead Counsel on behalf of tendering and non-tendering Revlon shareholders, which have a bearing on the Opening Motion.

2. On April 20, 2009, Revlon issued a press release announcing that it had received a merger proposal by MacAndrews under which MacAndrews would acquire by merger all of the Class A Common Stock of Revlon that it did not own for shares of a newly-issued series of voting preferred stock of Revlon (the "Series A Preferred Stock") having an aggregate liquidation preference of $75 million (or approximately $3.74 per share, based upon 20.042 million Class A Common Shares not currently held by MacAndrews and its affiliates). The Series A Preferred Stock would pay an annual cash dividend of 12.5%, payable quarterly, and would be redeemed four years from its date of issuance at the liquidation preference, plus accrued and unpaid dividends. Pursuant to the proposal, if Revlon were to be sold within two years of issuance of the Series A Preferred Stock, the Series A Preferred Stock would be entitled to participate with the MacAndrews Class A Common Stock to an unspecified extent, and in the event no such transaction occurred within two years, each share of the Series A Preferred Stock would be entitled to receive an additional dividend payment of $1. MacAndrews' proposal did not include a majority-of-the-minority condition to effectuate the merger. In connection with the transaction, MacAndrews proposed to contribute to a Revlon subsidiary $75 million of senior subordinated debt (the "Debt") that Revlon owed to MacAndrews, the reduction being equal to the aggregate liquidation preference of the Series A Preferred Stock. Moreover, pursuant to the proposal, MacAndrews agreed to extend the August 1, 2010 maturity date of the Debt by four years at an increased interest rate of 12.5%.

3. Between April 24, 2009 and May 12, 2009, four class actions were filed challenging the proposed transaction. At the suggestion of the Court, after competing

motions for lead counsel by two groups of plaintiffs had been filed, the plaintiffs resolved the leadership issues, and jointly submitted the June 24 Order.

4. Following letters from Co-Lead Counsel to defendants' counsel seeking input into the transaction, which was then being considered by a Special Committee of Revlon, Co-Lead Counsel were invited to a July 22, 2009 meeting of counsel for the Special Committee and counsel for MacAndrews. At this meeting, defendants' counsel advised Co-Lead Counsel that, as a result of the concerns expressed by plaintiffs and their financial advisor, and by the Special Committee and its financial advisor, Revlon and MacAndrews had agreed to proceed with a voluntary exchange offer (rather than a merger). The proposed Exchange Offer included certain protections to Revlon's shareholders, including a requirement of a non-waivable condition that a minimum of a majority of the outstanding Class A Common Shares held by the public be tendered.

5. Following that meeting, Co-Lead Counsel and their financial advisor were provided with a draft of the Revlon Schedule TO, which described in detail the terms and conditions of the proposed Exchange Offer. Plaintiffs' Counsel and their financial advisor extensively analyzed the Schedule TO and relevant public documents. The Exchange Offer described in the draft Schedule TO had the same terms as the proposed merger except that the Series A Preferred stock would have an interest rate of 12.75% and the interest rate on the Debt would likewise be 12.75%. Further, in the event of certain changes of control within two years, the Series A Preferred Shares would participate up to $12 per share, including the liquidation preference and any dividends ('change of control payment"). Also, if Revlon did not engage in a change-of-control transaction within two years, holders of Series A Preferred Shares would have the right to

elect either to receive an additional dividend payment of $1.00 per share or waive the right to the $1.00 dividend and extend for an additional (third) year the opportunity to receive the change-of-control payment.

6. Although Co-Lead Counsel believed that a voluntary Exchange Offer would be acceptable with appropriate safeguards, there were still major deficiencies in the proposed transaction with regard to (a) the adequacy of the consideration being offered and (b) the potential for coercion due to the fact that, while the Special Committee's approval for a "back-end," short-form merger was required, there was no guarantee that the consideration in the short-form merger would be equal to the consideration offered in the Exchange Offer.

7. Following extensive and complicated negotiations conducted by Co-Lead Counsel (in consultation with their financial advisor) and defendants, the coerciveness of the proposed Exchange Offer was eliminated and substantial improvements were made both to the features of the Series A Preferred Stock and to the Exchange Offer disclosures. These were embodied in a Memorandum of Understanding ("MOU") dated August 10, 2009 (annexed as Exhibit 3 to the Opening Motion), which set the terms of an agreement in principle to settle the action (the "Settlement"), subject to confirmatory discovery, the execution of a Stipulation of Settlement, and Court approval. The MOU sets forth, in pertinent part, that Co-Lead Counsel "solely caused" the following changes and disclosures:

> -- the holders of Series A Preferred Stock would receive a special dividend of $1.50 per share (instead of $1.00 per share, as was contemplated prior to the Settlement), if Revlon does not engage in one of certain specified change-of-control transactions within two years of consummation of the Exchange Offer;

> -- the shareholders who elected to waive the $1.50 per share special dividend in exchange for an additional third year of participation in the change of control payment would be entitled to $12.50 per share instead of $12 per share;
>
> -- the Exchange Offer would include a provision that if MacAndrews became able to do a short-form merger as a result of the Exchange Offer, then in such short-form merger the remaining holders of Class A Common Stock would receive Series A Preferred Stock or shares of preferred stock in the surviving corporation of such transaction with terms substantially identical to, or no less favorable than, the terms of the Series A Preferred Stock provided in the Exchange Offer; and
>
> -- additional disclosures would be provided in the Offer to Exchange that were set forth in Exhibit B to the MOU.

Opening Motion Exh. 3, at ¶ 3. The MOU also acknowledged that the change from an involuntary merger to a voluntary Exchange Offer was due, in part, to the pendency of plaintiffs' litigation. *Id.* ¶ 2.

8. The Exchange Offer commenced on August 10, 2009 with an initial expiration date of September 10, 2009, which was extended. Thereafter, it became apparent that the minimum tender condition of the Exchange Offer (requiring approximately 10.1 million Class A Common Shares to be tendered and accepted) would not be met. Co-Lead Counsel were advised (a) that the failure to meet the minimum tender condition was due, in part, to the fact that certain Funds holding approximately three million Class A Common Shares were precluded from tendering for preferred stock and (b) that 8,436,516 Class A Common Shares (approximately 41.7% of the shares not owned by MacAndrews) owned by other shareholders had been tendered by the original Exchange Offer deadline. Co-Lead Counsel determined that it would be in the best interest of Revlon and its non-tendering shareholders to permit the Exchange Offer to go forward, which would enable Revlon to restructure the Debt, provided that certain

additional benefits were made available to both tendering and non-tendering shareholders.

9. After further difficult and complex negotiations, the parties agreed to modify the Exchange Offer to: (a) provide a lower minimum tender condition; (b) further amend and enhance the features of the Series A Preferred Stock to be received by tendering shareholders; and (c) increase the amount of debt MacAndrews contributed as part of the transaction, reduce the interest rate on the remaining Debt, and extend by one year the due date of the remaining Debt, which changes would benefit remaining Revlon shareholders if the Exchange Offer was consummated as a result of the lower minimum tender condition. *See* Amendment No. 1 to MOU, dated September 24, 2009 ("Amendment No. 1"), annexed as Exhibit 4 to the Opening Motion ¶¶ 3-6.

10. Specifically, Amendment No. 1: gave tendering Revlon shareholders greater yearly interest payments due to the $1.50 increase in the liquidation preference of the Series A Preferred Stock from $3.71 to $5.21; guaranteed that they would receive the additional $1.50 amount, since the Class A Preferred Shares would be mandatorily redeemed after 4 years if there was no change of control; and extended their change-of-control payment participation rights to cover three years from the consummation of the Exchange Offer. In addition, the Debt would be further reduced due to the substantially increased liquidation preference for Class A Preferred Shares, on which the Debt reduction was based; the interest rate on the remaining Debt would be reduced from 12.75% to 12% per annum, and the due date of the Debt was extended for an additional year, or a total of five years.

11. The Exchange Offer was consummated on October 7, 2009, with approximately 9.3 million Class A shares being tendered and Revlon's Debt was reduced by $48,645,275 based on the number of Class A Common Shares that were exchanged for new Class A Preferred Shares. Thus, the benefits the Settlement achieved have already inured to the class.

12. As contemplated by the MOU and Amendment No. 1 thereto, the parties began confirmatory discovery in early October 2009 following the consummation of the Exchange Offer. Co-Lead Counsel began to analyze the documents produced by defendants in anticipation of depositions. Such production and analysis continued throughout the remainder of October and early November.

13. On October 29, 2009, after Co-Lead counsel had begun the confirmatory discovery process, Revlon announced it had recorded a substantial profit for the third quarter ending September 30, 2009. Revlon had included as an exhibit to the Exchange Offer Schedule TO a May 18, 2009 report of the Special Committee's financial advisor (Barclay Capital), which contained a favorable EBITDA projection for the year ended December 31, 2009. This projection took into account an operating reorganization Revlon would be implementing in May 2009. However, the sole analyst covering Revlon had issued reports in August, September, and early October 2009, projecting a substantial loss for Revlon's third quarter. When Revlon announced its third quarter results, it appeared consistent with the Barclays May EBITDA full-year projection and removed much of the uncertainty the analyst report had generated. The report of Revlon's third quarter caused an immediate jump in Revlon's common stock price from $5.75 per share to $8.75 per share.

14. During the week following the Revlon third quarter announcement, I spoke with counsel for MacAndrews and advised him that Co-Lead Counsel would require discovery concerning the potential disclosure claim on behalf of tendering shareholders based on the failure to disclose third quarter results. I also said that if this claim is meritorious, it would require plaintiffs to withdraw from the Settlement absent additional consideration. Counsel for MacAndrews agreed to provide such discovery and, in a letter dated November 6, 2009, plaintiffs supplemented their discovery requests to focus on Revlon's third quarter. Thereafter, on November 18, 2009, Revlon began to produce documents specifically dealing with its knowledge of its third quarter performance. Plaintiffs' counsel analyzed the documents and determined that certain categories of documents that had been requested had not been produced. Co-Lead Counsel requested that these documents be produced. To date, document production has not been completed.

15. On December 21, 2009, plaintiffs Gutman and Corneck filed their respective complaints alleging that Revlon had wrongfully failed to disclose its third quarter results in connection with the Exchange Offer.

16. Following the production of the Revlon documents dealing with its third quarter, Co-Lead Counsel determined that it would be appropriate to file an amended and supplemental complaint that would embody the new disclosure claim on behalf of tendering shareholders, a claim that did not exist either at the time of filing of the initial complaints or at the time of the MOU and Amendment No. 1, and therefore had not been addressed in the proposed Settlement. In view of the fact that non-tendering shareholders did not have any new claim that could be asserted based on Revlon's failure to disclose

its third quarter results prior to the close of the Exchange Offer, the amended and supplemental complaint filed on January 6, 2010 (annexed as Exhibit 5 to the Opening Motion), sought damages solely on behalf of an additional plaintiff who had tendered 2,396 Class A Common Shares, and all other tendering shareholders. While plaintiffs overlooked the need under Court of Chancery Rule 15(d) to file a motion for leave to file a supplemental complaint, defendants have not sought to have the pleading withdrawn, thereby implicitly acquiescing in its filing.

17. Shortly after the filing of the amended and supplemental complaint, defendants filed a motion to enforce the Settlement, complaining that Co-Lead Counsel had prejudged the merits of the new claim and that we had prematurely rejected the proposed Settlement before completing confirmatory discovery, including depositions. Co-Lead Counsel, however, had never informed defendants that plaintiffs were withdrawing from the Settlement, nor expressed any unwillingness to complete discovery, including depositions, before coming to a conclusion about the new disclosure claim. Various discussions with defendants' counsel ensued, which led to defendants' counsel's agreement to defer their motion to enforce. This agreement to defer the motion to enforce and to continue with the Settlement proceedings was embodied in a Stipulation and (Proposed) Order. This Court declined to enter the Order and stated that "[t]he parties will not proceed with confirmatory discovery or the presentation of the settlement until the leadership structure has been addressed."

18. In order to obviate any future contention that Co-Lead Counsel have not diligently conducted confirmatory discovery, on February 25, 2010, Co-Lead Counsel offered counsel for plaintiffs Gutman and Corneck the opportunity to participate in

discovery, including attendance at the depositions and the right to ask any non-duplicative questions at the depositions they wish, and to participate in restructuring the organization of plaintiffs' counsel by creating an Executive Committee of Plaintiffs' Counsel of which they would be members. This offer was declined.

Robert M. Kornreich
ROBERT M. KORNREICH

Sworn to before me this
1st day of March, 2010

Susan A. Calamia
Notary Public

SUSAN A. CALAMIA
NOTARY PUBLIC, State of New York
No. 01CA104727
Qualified in Bronx County
Commission Expires Jan. 26, 2012