REVLON INC /DE/
Form 10-K
March 05, 2014

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2013

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

Registrant's telephone number, including area code: 212-527-4000
Securities registered pursuant to Section 12(b) or 12(g) of the Act:

Title of each class	Name of each exchange on which registered
Class A Common Stock	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes o No x

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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

The aggregate market value of the registrant's Class A Common Stock held by non-affiliates (using the New York Stock Exchange closing price as of June 28, 2013, the last business day of the registrant's most recently completed second fiscal quarter) was approximately $257,818,705.

As of December 31, 2013, 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.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Revlon, Inc.’s definitive Proxy Statement to be delivered to shareholders in connection with its Annual Meeting of Stockholders to be held on or about June 10, 2014 are incorporated by reference into Part III of this Form 10-K.

REVLON, INC. AND SUBSIDIARIES
Form 10-K
For the Year Ended December 31, 2013
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PART I

Item 1. Business

Background

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 was founded over 80 years ago by Charles Revson, who revolutionized the cosmetics industry by introducing nail enamels matched to lipsticks in fashion colors. Today, the Company continues Revson's legacy by producing and marketing innovative products that address consumers' wants and needs for beauty and personal care products.

The Company currently 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 believes that its global brand name recognition, product quality, R&D, new product innovation and marketing experience have enabled it to create leading global consumer and professional brands.

The Company’s Consumer segment is comprised of products that are manufactured, marketed and sold primarily within the mass retail channel in the U.S. and internationally, as well as certain department stores and other specialty stores outside the U.S., under brands such as 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 Professional segment consists of the global business acquired by Products Corporation on October 9, 2013 when it completed its acquisition of The Colomer Group Participations, S.L. ("Colomer" and the "Colomer Acquisition"), a Spanish company. The Professional segment manufactures, markets and sells professional products primarily to hair and nail salons and distributors in the U.S. and internationally under brands such as Revlon Professional in hair color, hair care and hair treatments; CND in nail polishes and enhancements, including CND Shellac and CND Vinylux nail polishes; and American Crew in men’s grooming products. The Colomer Acquisition also included the purchase of brands such as Natural Honey in bodycare, which is sold in the mass retail channel, primarily in Spain; and Crème of Nature in multi-cultural hair care, which is sold in both the professional channel and in the mass retail channel, primarily in the U.S. These retail and multi-cultural brands are also included in the Company's Professional segment.

The Company's Business Strategy

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’s strategic goal is to optimize the market and financial performance of its portfolio of brands and assets. The business strategies employed by the Company to achieve this goal are:

1. Manage financial drivers for value creation. We are focused on gross profit margin expansion, which includes optimizing price, as well as allocating sales allowances to maximize our return on trade spending. We also continue to focus on reducing costs across our global supply chain. In addition, we are focused on eliminating non-value added general and administrative costs in order to fund reinvestment to facilitate growth.
2. Grow our global brands through exceptional innovation and effective brand support. We are focused on creating fewer, bigger and better innovations across our brands that are relevant, unique, impactful and distinctive. We want to continue to build strong brands by focusing on high-quality, consumer-preferred offerings; effective consumer communication; increased levels of effective advertising and promotion; and superb execution and collaboration with our customers.
3.

Pursue growth opportunities. We are focused on pursuing organic growth opportunities within our existing brand portfolio and existing channels, as well as seeking acquisition opportunities that complement our portfolio. We are also focused on exploring opportunities to expand our geographical presence in key markets, as appropriate.

4. Improve cash flow. We are focused on improving our cash flows through, among other things, continued effective management of our working capital and by focusing on appropriate return on capital spending.

Recent Transactions

Colomer Acquisition and Integration Program

In October 2013, Products Corporation acquired Colomer for a cash purchase price of $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. The Colomer business, which comprises the entirety of the Company's Professional segment, substantially expands the Company's business, providing both distribution into new channels and cost synergy opportunities. In addition, the Colomer Acquisition offers the Company opportunities to achieve additional growth by leveraging the combined Company's enhanced innovation capability and know-how. The Company has accounted for the Colomer Acquisition as a business combination in the fourth quarter of 2013 and Colomer's results of operations are included in the Company's Consolidated Financial Statements commencing on the October 9, 2013 acquisition date.

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 $45 million to $50 million in the aggregate over 2013 through 2015, and to achieve annualized cost reductions of approximately $30 million to $35 million by the end of 2015. Approximately $10 million to $15 million of these cost reductions are expected to benefit 2014 results. See Note 2, "Business Combinations" and Note 24, "Subsequent Events - Integration Program" to the Consolidated Financial Statements in this Form 10-K.

Debt Transactions

During the year ended December 31, 2013, the Company completed several debt transactions, including:

- 5¾% Senior Notes: In February 2013, Products Corporation issued $500.0 million aggregate principal amount of 5¾% Senior Notes due February 15, 2021 (the "5¾% Senior Notes") to investors at par. Products Corporation used $491.2 million of net proceeds (net of underwriters' fees) from the issuance of the 5¾% Senior Notes to repay and redeem all of the $330 million outstanding aggregate principal amount of its 9¾% Senior Secured Notes due November 2015 (the "9¾% Senior Secured Notes" and such transaction being the "2013 Senior Notes Refinancing"), as well as to pay an aggregate of $28.0 million for the applicable redemption and tender offer premiums, accrued interest and related fees and expenses. Products Corporation used a portion of the remaining proceeds, together with existing cash, to pay approximately $113.0 million of principal on its 2011 Term Loan Facility in conjunction with the consummation of the February 2013 Term Loan Amendments, as discussed below. Products Corporation used the remaining balance available from the issuance of the 5¾% Senior Notes for general corporate purposes, including, without limitation, debt reduction transactions, such as repaying to Revlon, Inc. at maturity on October 8, 2013 the Contributed Loan (as hereinafter defined), which Revlon, Inc. used to pay the liquidation preference of Revlon, Inc.'s Series A Preferred Stock, par value $0.01 per share (the "Preferred Stock"), in connection with its mandatory redemption of such stock on such date.
- February 2013 Term Loan Amendments and February 2014 Term Loan Amendments: In February 2013, Products Corporation consummated an amendment (the "February 2013 Term Loan Amendments") to its third amended and restated term loan agreement, dated as of May 19, 2011 (as amended, the "2011 Term Loan Agreement" or the "2011 Term Loan Facility"), for its 6.5-year term loan facility due November 19, 2017 (the "2011 Term Loan"), to among other things: (i) reduce the total aggregate principal amount outstanding under the 2011 Term Loan from $788.0 million to $675.0 million; (ii) reduce the minimum Eurodollar Rate on Eurodollar Loans from 1.25% to 1.00%; and (iii) reduce the Applicable Margin on Eurodollar Loans from 3.50% to 3.00%. In February 2014, Products Corporation entered into an amendment (the "February 2014 Term Loan Amendment") to the Amended Term Loan Agreement which reduced the interest rates applicable to the $675 million 2011 Term Loan under the Amended Term Loan Agreement (the "Amended Tranche"). After giving effect to such amendment, Eurodollar Loans under the Amended Tranche 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 Amended Tranche 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).

- August 2013 Term Loan Amendments: In August 2013, in connection with the Colomer Acquisition, Products Corporation consummated an amendment (the "August 2013 Term Loan Amendments") to the 2011 Term Loan Agreement (as amended by the August 2013 Term Loan Amendments and the Incremental Amendment (as defined below), and collectively referred to herein as the "Amended Term Loan Agreement" or the "Amended Term Loan Facility") permitting, among other things: (i) Products Corporation's consummation of the Colomer Acquisition; and (ii) Products Corporation's incurring up to $700 million of term loans to use as a source of funds to consummate the Colomer Acquisition and pay related fees and expenses.

- Incremental Amendment: In August 2013, in connection with the Colomer Acquisition, Products Corporation entered into an incremental amendment (the "Incremental Amendment") resulting in the Amended Term Loan Agreement with Citibank, N.A., JPMorgan Chase Bank, N.A., Bank of America, N.A, Credit Suisse AG, Cayman Islands Branch, Wells Fargo Bank, N.A. and Deutsche Bank AG New York Branch (collectively, the "Initial Acquisition Lenders") and Citicorp USA, Inc. as administrative agent and collateral agent, pursuant to which the Initial Acquisition Lenders provided Products Corporation with a $700 million term loan under the Amended Term Loan Agreement on October 8, 2013 (the “Acquisition Term Loan”), which Products Corporation used as a source of funds to consummate the Colomer Acquisition and pay related fees and expenses.
- Amended Revolving Credit Facility: In August 2013, in connection with the Colomer Acquisition, Products Corporation consummated an amendment (the "August 2013 Revolver Amendment") to its third amended and restated revolving credit agreement dated June 16, 2011 to permit, among other things: (a) Products Corporation's consummation of the Colomer Acquisition; and (b) Products Corporation's incurring the Acquisition Term Loan that Products Corporation used as a source of funds to consummate the Colomer Acquisition. Additionally, the August 2013 Revolver Amendment reduced Products Corporation's interest rate spread, reduced the commitment fee on unused availability under the facility and extended the maturity of the facility.

In December 2013, Products Corporation, entered into an incremental amendment (the "December 2013 Revolver Amendment" and together with the August 2013 Revolver Amendment, the "2013 Revolver Amendments") to its third amended and restated revolving credit agreement, dated as of June 16, 2011 (as amended by the 2013 Revolver Amendments, the "Amended Revolving Credit Agreement" or the "Amended Revolving Credit Facility"). Under the terms of the Amended Revolving Credit Amendment, the lenders' commitment to provide borrowings to Products Corporation and its subsidiary borrowers under the Amended Revolving Credit Facility was increased from $140.0 million to $175.0 million. In January 2014, Colomer’s U.S.-domiciled subsidiaries (the “Colomer U.S. Subsidiaries”) became additional guarantors under Products Corporation’s Amended Term Loan Facility and Amended Revolving Credit Facility and the indenture for the 5¾% Senior Notes. In connection with becoming guarantors, substantially all of the assets of the Colomer U.S. Subsidiaries were pledged as collateral under Products Corporation’s Amended Term Loan Facility and Amended Revolving Credit Facility, thereby increasing the value of the assets supporting the borrowing base under the Amended Revolving Credit Facility.

- Mandatory Redemption of Series A Preferred Stock: In October 2013, Revlon, Inc. consummated the mandatory redemption of the Series A Preferred Stock in accordance with such preferred stock's certificate of designation and paid such holders $48.6 million, which represented the $5.21 liquidation preference for each of the outstanding 9,336,905 shares of Series A Preferred Stock. Revlon, Inc. used the funds that it received from Products Corporation in respect of its satisfaction of the Contributed Loan to pay the mandatory redemption amount.

See Part II, Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations - Financial Condition, Liquidity and Capital Resources – Long-Term Debt Instruments” for further discussion of the above debt transactions.

Products

Revlon, Inc. conducts business exclusively through Products Corporation. The Company manufactures and markets a variety of products worldwide. The following table sets forth the Company's principal brands included in its Consumer and Professional segments by product category:

Segment	COSMETICS	HAIR	MEN'S GROOMING	BEAUTY TOOLS	FRAGRANCE	ANTI-PERSPIRANT DEODORANTS	SKINCARE / BODYCARE
Consumer	Revlon	Revlon ColorSilk		Revlon	Charlie	Mitchum	Gatineau
	Almay SinfulColors Pure Ice				Jean Naté		Ultima II
Professional	CND	Revlon Professional Intercosmo Orofluido UniqOne Llongueras* Crème of Nature	American Crew d:fi				Natural Honey

*Licensed from a third party

Consumer Segment:

The Company’s Consumer segment includes cosmetics, hair color and hair care, beauty tools, anti-perspirant deodorants, fragrances and skincare products sold in approximately 150 countries in the mass retail channel in the U.S. and internationally, as well as in certain department stores and other specialty stores outside the U.S.

Cosmetics - The Company manufactures and markets a broad range of cosmetics, including face, lip, eye and nail products. Certain of the Company’s products incorporate patented, patent-pending or proprietary technology. See “New Product Development and Research and Development.”

- Revlon: The Company sells a broad range of cosmetics under its flagship brand designed to fulfill consumer wants and needs, principally priced in the upper range of the mass retail channel. The Revlon brand is comprised of face makeup, including foundation, powder, blush and concealers; lip makeup, including lipstick, lip gloss and lip liner; eye makeup, including mascaras, eyeliners, eye shadows and brow products; and nail color and nail care lines. Revlon products include innovative formulas and attractive colors that appeal to wide range of consumers. Key franchises within the Revlon brand include:
  Revlon ColorStay offers consumers a full range of products with long-wearing technology;
  Revlon PhotoReady products are offered in face and eye and are designed with innovative photochromatic pigments that bend and reflect light to give a flawless, airbrushed appearance in any light;
  Revlon Age Defying in face is targeted for women in the over-35 age bracket, incorporating the Company's patented Botafirm ingredients to help reduce the appearance of fine lines and wrinkles;
  Revlon Super Lustrous is the Company's flagship wax-based lipcolor, offered in a wide variety of shades of lipstick and lip gloss;
  Revlon ColorBurst in lip offers on-trend lip glosses and balms in vibrant colors that address consumers' needs for high-shine lipgloss and softening, smoothing and instantly hydrating balm; and
  Revlon Grow Luscious includes both a lengthening and plumping mascara with a lash enhancing formula that improves the lashes' overall appearance and conditions with each use.
- Almay: The Company’s Almay brand consists of hypo-allergenic, dermatologist-tested, fragrance-free cosmetics and skincare products. The Almay brand is comprised of face makeup, including foundation, pressed powder, primer and concealer; eye makeup, including eye shadows, mascaras and eyeliners; lip makeup; and makeup removers. Key franchises within the Almay brand include Almay Smart Shade in face; Almay Intense i-Color in eye; and Almay

Color + Care in lip.

- SinfulColors and Pure Ice: The Company’s SinfulColors and Pure Ice brands consist primarily of value-priced nail enamels, available in many bold, vivid and on-trend colors.

Hair - The Company sells both hair color and hair care products throughout the world in the mass retail channel, primarily under the Company's Revlon ColorSilk franchise, which includes Revlon Luxurious ColorSilk Buttercream. Revlon ColorSilk products provide radiant, long-lasting color that leaves hair nourished, hydrated and ultra-conditioned.

Beauty tools - The Company sells Revlon beauty tools, which include nail, eye and manicure and pedicure grooming tools, eye lash curlers and a full line of makeup brushes under the Revlon brand name.

Fragrances - The Company sells a selection of moderately-priced fragrances, including perfumes, eau de toilettes, colognes and body sprays. The Company’s portfolio includes fragrances under globally-recognized brand names such as Charlie and Jean Naté.

Anti-perspirant deodorants - The Company sells Mitchum anti-perspirant deodorant products for men and women, with patented ingredients which provide consumers with up to 48 hours of protection.

Skincare - The Company sells skincare products in the U.S. and in global markets under various regional brands, including the Company’s Gatineau and Ultima II brands.

Professional Segment:

The Company’s Professional segment includes a comprehensive line of products sold in the professional channel, including hair color, shampoos, conditioners, styling products, nail polishes and nail enhancements. The Professional segment also includes a skincare line sold in the mass retail channel and a multi-cultural line sold in both professional and mass retail channels.

Professional brands -

- Revlon Professional: The Company’s Revlon Professional brand includes hair color, hair care and hair treatment products, which are distributed exclusively in the professional channel to salons, salon professionals and salon distributors and sold in more than 80 countries. Revlon Professional is synonymous with innovation, fashion and technology to service the most creative salon professionals and their clients. Revlon Professional salon products include Revlonissimo NMT, Nutri Color Creme, Sensor Perm and Revlon Professional Equave.
- American Crew and d:fi: The Company sells men's shampoos, conditioners, gels and other hair care and grooming products for use and sale by professional salons under the American Crew brand name. American Crew is the “Official Supplier to Men” of quality grooming products that provide the ultimate usage experience and enhance a man's personal image. American Crew is the leading salon brand created specifically for men. The Company also sells men's hair products under the d:fi brand.
- CND: The Company sells nail enhancement systems and nail color and treatment products and services for use by the professional salon industry under the CND brand name. CND is the global leader in professional nail, hand and foot care products, and CND-branded products are sold in more than 80 countries. CND nail products include:

CND Shellac, the original Power Polish that requires UV curing, delivers more than 14 days of flawless wear, superior color and mirror shine with zero dry-time and no nail damage. CND Shellac is a true innovation of chip-free, extended-wear nail color; and

CND Vinylux, a breakthrough polish system that uses a patent-pending technology to provide an enduring, long-lasting polish that lasts a week. While ordinary polishes become brittle and deteriorate over time, CND Vinylux dries with exposure to natural light to a flawless finish and strengthens its resistance to chips over time.

- The Company also sells professional hair products under brand names such as Orofluido, UniqOne and Intercosmo.

Retail - The Company sells hair care products under the premium-priced Llongueras brand and skin care products under the Natural Honey brand, in the mass retail channel in Spain.

Multi-cultural hair - The Company sells multi-cultural hair-care products in the mass retail channel and professional channel primarily in the U.S. under the Crème of Nature brand.

Marketing

Consumer Segment: Within the Consumer segment, the Company markets extensive consumer product lines covering a broad range of price points within the mass retail channel in the U.S. and internationally and certain other channels outside of the U.S.

The Company uses print, television and outdoor advertising, digital marketing and public relations, as well as point-of-sale merchandising, including displays and samples, coupons and other trial incentives. The Company's marketing is designed to emphasize a uniform global image for its portfolio of core brands. The Company coordinates advertising campaigns with in-store promotional and other marketing activities. The Company develops jointly with retailers customized, tailored point-of-purchase and other focused marketing programs.

The Company also uses cooperative advertising programs, Company-paid or Company-subsidized demonstrators, and coordinated in-store promotions and displays. Other marketing materials designed to introduce the Company's newest products to consumers and encourage trial and purchase in-store include trial-size products and couponing.

Professional Segment: In the Professional segment, the Company markets products through educational seminars on such products' application methods and consumer benefits, and through trade professional advertising, digital marketing, displays and samples to communicate to professionals and consumers the quality and performance characteristics of such products.

The Company believes that its presence in the professional channel will provide benefits to its consumer products business as it will enable the Company to improve its anticipation of consumer trends in hair color and hair care, nail color and nail care, and skin care, as these trends often appear first in salons.

Additionally, the Company maintains separate websites, www.revlon.com, www.almay.com, www.revloncolorsilk.com, www.revlonprofessional.com, www.americancrew.com, www.cnd.com and www.mitchum.com, devoted to the Revlon, Almay, Revlon ColorSilk, Revlon Professional, American Crew, CND and Mitchum brands, respectively. Each of these websites feature product and promotional information for the brands and are updated regularly to stay current with the Company's new product launches and other advertising and promotional campaigns.

Research and Development

The Company believes that it is an industry leader in the development of innovative and technologically-advanced cosmetics and beauty products. The Company's marketing and research and development groups identify consumer needs and shifts in consumer preferences in order to develop new products, introduce line extensions and promotions and redesign or reformulate existing products to satisfy consumers' needs and preferences. The Company's research and development group is comprised of departments specialized in the technologies critical to the Company's various product lines. The Company has a rigorous process for the continuous development and evaluation of new product concepts, led by executives in marketing, sales, research and development, and including input from operations, law and finance. This process has created a comprehensive, long-term portfolio strategy that is intended to optimize the Company's ability to regularly bring to market innovative new product offerings and to effectively manage the Company’s product portfolio.

The Company operates an extensive research and development facility in Edison, New Jersey for products within its Consumer segment. The Company has research facilities for its products within the Professional segment in the U.S. (in California and Florida), Spain and Mexico. The scientists at these various facilities are responsible for all of the Company’s new product research and development worldwide and performing research for new products, ideas, concepts and packaging. The Company’s package development and engineering function is also part of the greater research and development organization and fosters a strong synergy of package and formula development which is integral to a product’s success. The research and development group performs extensive safety and quality testing on the Company’s products, including toxicology, microbiology, efficacy and package testing. Additionally, quality control testing is performed at each of the Company’s manufacturing facilities.

As of December 31, 2013, the Company employed approximately 200 people in its research and development activities, including specialists in pharmacology, toxicology, chemistry, microbiology, engineering, biology, dermatology and quality control. In 2013, 2012 and 2011, the Company spent $26.9 million, $24.2 million and $23.8 million, respectively, on research and development activities.

Manufacturing and Related Operations and Raw Materials

During 2013, the Company’s products within its Consumer segment were produced at the Company’s facilities in the U.S. (North Carolina) and South Africa and at third-party facilities around the world. In December 2012 and January 2013, the Company closed its manufacturing facilities in Maryland (U.S.) and France, respectively, in connection with the September 2012 Program (as hereinafter defined). For additional information regarding the September 2012 Program, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Restructuring charges and other, net."

During 2013, the Company's products within its Professional segment were produced at the Company's facilities in the U.S. (Florida), Spain, Italy and Mexico and at third-party facilities around the world.

The Company continually reviews its manufacturing needs against its manufacturing capacities to identify opportunities to reduce costs and to operate more efficiently. The Company purchases raw materials and components throughout the world, and continuously pursues reductions in cost of goods through the global sourcing of raw materials and components from qualified vendors, utilizing its purchasing capacity to maximize cost savings. The Company's global sourcing strategy for materials and components from accredited vendors is also designed to ensure the highest quality and the continuity of supply of the raw materials and components. The Company believes that alternate sources of raw materials and components exist and does not anticipate any significant shortages of, or difficulty in obtaining, such materials. (See Item 1A. “Risk Factors- The Company depends on its Oxford, North Carolina facility for production of a substantial portion of its products within the Consumer segment. Disruptions at this facility, and/or at other Company or third-party facilities at which the Company's products are manufactured for both its Consumer and Professional segments, could affect the Company's business, financial condition and/or results of operations.”)

Distribution

The Company's products are sold in more than 150 countries across six continents. The Company utilizes a dedicated sales force in those countries where the Company maintains operations, and also utilizes sales representatives and independent distributors to serve certain territories, and related distribution channels. (See Item 1A. “Risk Factors- The Company may be unable to maintain or increase its sales through the Company's primary distribution channels, which could have a material adverse effect on the Company's business, financial condition and/or results of operations” and "Competition in the cosmetics, hair and beauty care products business could have a material adverse effect on the Company's business, financial condition and/or results of operations.")

United States. Net sales in the U.S. accounted for approximately 56% of the Company's 2013 net sales, which were primarily sold in the mass retail channel. The Company also sells a broad range of beauty products to U.S. Government military exchanges and commissaries. The Company licenses its trademarks to select manufacturers for complementary beauty-related products and accessories that the Company believes have the potential to extend the Company's brand names and image. As of December 31, 2013, nine (9) of such licenses were in effect relating to sixteen (16) product categories, which are marketed principally in the mass retail channel. Pursuant to such licenses, the Company retains strict control over product design and development, product quality, advertising and the use of its trademarks. These licensing arrangements offer opportunities for the Company to generate revenues and cash flow through royalties and renewal fees, some of which are prepaid from time to time.

In the Consumer segment, the Company’s retail merchandisers stock and maintain the Company's point-of-sale wall displays intended to ensure that high-selling SKUs are in stock and to ensure the optimal presentation of the Company's products in retail outlets.

The Company’s products within its Professional segment are sold primarily through wholesale beauty supply distributors in the U.S.

Outside of the United States. Net sales outside the U.S. accounted for approximately 44% of the Company's 2013 net sales. The three countries outside the U.S. with the highest net sales were Australia, South Africa and Canada, which together accounted for approximately 16% of the Company's 2013 net sales. The Company distributes its products within its Consumer segment through the mass retail channel, drug stores and chemist shops, hypermarkets, mass volume retailers, general merchandise stores, department stores and specialty stores, such as perfumeries. The Company’s products within its Professional segment are sold directly to hair and nail salons by the Company's direct sales force in countries where it has operations and through distributors in other countries outside the U.S. At December 31, 2013, the Company actively sold its products through wholly-owned subsidiaries established in 24 countries outside of the U.S. and through a large number of distributors and licensees elsewhere around the world.

Customers

The Company's principal customers for its Consumer segment include large mass volume retailers and chain drug stores, including such well-known retailers as Walmart, Walgreens, CVS and Target in the U.S., Shoppers DrugMart in Canada, A.S. Watson & Co. retail chains in Asia Pacific and Europe and Boots in the U.K. Walmart and its affiliates worldwide accounted for approximately 21% of the Company's 2013 consolidated net sales. The Company's principal customers for its Professional segment include Beauty Systems Group, Salon Centric and TNG Worldwide, as well as individual hair and nail salons and other distributors. As is customary in the industry, none of the Company’s customers is under an obligation to continue purchasing products from the Company in the future. The Company expects that Walmart and a small number of other customers will, in the aggregate, continue to account for a large portion of the Company's net sales. (See Item 1A. “Risk Factors-“Economic conditions could have a material adverse effect on the Company's business, financial condition and/or results of operations or on the financial condition of its customers and suppliers” and “The Company depends on a limited number of customers for a large portion of its net sales and the loss of one or more of these customers could reduce the Company’s net sales and have a material adverse effect on the Company’s business, financial condition and/or results of operations.")

Competition

The consumer and professional products businesses are highly competitive. The Company competes primarily by:

- developing quality products with innovative performance features, shades, finishes, components and packaging;
- educating consumers and salon professionals about the benefits of the Company’s products;
- anticipating and responding to changing consumer and salon professional demands in a timely manner, including the timing of new product introductions and line extensions;
- offering attractively priced products relative to the product benefits provided;
- maintaining favorable brand recognition;

- generating competitive margins and inventory turns for its customers in both the Consumer and Professional segments by providing relevant products and executing effective pricing, incentive and promotion programs;
- ensuring product availability through effective planning and replenishment collaboration with retailers and salons;
- providing strong and effective advertising, marketing, promotion and merchandising support;
- maintaining an effective sales force and distributor network; and
- obtaining and retaining sufficient retail floor space, optimal in-store positioning and effective presentation of its products at retail and in salons.

The Company competes in selected product categories against a number of multi-national manufacturers in both the Consumer and Professional segments. In addition to products sold in the mass retail channel, the professional salon channel and demonstrator-assisted channels, the Company's products also compete with similar products sold in prestige and department stores, television shopping, door-to-door, specialty stores, the internet, perfumeries, and other distribution outlets. The Company's competitors include, among others, L'Oréal S.A., The Procter & Gamble Company, Avon Products, Inc., Coty, Inc. and The Estée Lauder Companies Inc. (See Item 1A. “Risk Factors-Competition in the cosmetics, hair and beauty care products business could have a material adverse effect on the Company’s business, financial condition and/or results of operations.")

Patents, Trademarks and Proprietary Technology

The Company considers trademark protection to be very important to its business and the Company’s trademarks are registered in the U.S. and in over 150 other countries. Significant trademarks include Revlon, Revlon ColorStay, Revlon Age Defying makeup with Botafirm, Revlon Age Defying with DNA Advantage, Revlon PhotoReady, Revlon Super Lustrous, Revlon ColorBurst, Almay, Almay Smart Shade, SinfulColors, Pure Ice, Mitchum, Charlie, Jean Naté, Revlon ColorSilk, Revlon Professional, Intercosmo, Orofluido, UniqOne, American Crew, Crème of Nature, CND, CND Shellac, CND Vinylux, Gatineau, Ultima II and Natural Honey. The Company regularly renews its trademark registrations in the ordinary course of business.

The Company utilizes certain proprietary and/or patented technologies in the formulation, packaging or manufacture of a number of the Company’s products, including, among others, Revlon ColorStay cosmetics, Revlon PhotoReady makeup, Revlon Age Defying cosmetics, Almay Smart Shade makeup, Almay Intense i-Color eye makeup, Revlon ColorSilk hair color, Mitchum anti-perspirant deodorants, and CND Shellac and CND Vinylux nail polishes. The Company considers its proprietary technology and patent protection to be important to its business.

The Company files patents in the ordinary course of business on certain of the Company’s new technologies. Utility patents in the U.S. are enforceable for at least 20 years and international patents are enforceable for 20 years. The patents that the Company currently has in place expire at various times between 2015 and 2032 and the Company expects to continue to file patent applications on certain of its technologies in the ordinary course of business in the future.

Government Regulation

The Company is subject to regulation by the Federal Trade Commission (the "FTC") and the Food and Drug Administration (the "FDA") in the U.S., as well as various other federal, state, local and foreign regulatory authorities, including those in the European Union (the "EU"), Canada and other countries in which the Company operates. The Company’s Oxford, North Carolina and Jacksonville, Florida manufacturing facilities are registered with the FDA as drug manufacturing establishments, permitting the manufacture of cosmetics and other beauty-care products that contain over-the-counter drug ingredients, such as sunscreens and anti-perspirant deodorants in the case of the Oxford, North Carolina facility and anti-dandruff hair-care products in the case of the Jacksonville, Florida facility.

Compliance with federal, state, local and foreign laws and regulations pertaining to the discharge of materials into the environment, or otherwise relating to the protection of the environment, has not had, and is not anticipated to have, a material effect on the Company's capital expenditures, earnings or competitive position. Regulations in the U.S., the EU, Canada and in other countries in which the Company operates that are designed to protect consumers or the environment have an increasing influence on the Company's product claims, ingredients and packaging. (See “Risk Factors - The Company’s products are subject to federal, state and international regulations that could adversely affect the Company’s business, financial condition and/or results of operations.”)

Industry Segments, Foreign and Domestic Operations

The Company operates in two operating segments, Consumer and Professional, which also comprise its reportable segments. For certain information regarding the Company's segments and foreign and domestic operations, refer to Note 23, “Segment Data and Related Information,” to the Company’s Consolidated Financial Statements in this Form 10-K.

Employees

As of December 31, 2013, the Company employed approximately 6,900 people, which includes approximately 1,100 positions (approximately 940 of which are part-time beauty advisors) that the Company plans to eliminate in 2014 as a result of the restructuring actions announced in December 2013, primarily including plans to exit its business operations in China. For additional information see Part II, Item 7. "Management's Discussion and Analysis - Overview - December 2013 Program." As of December 31, 2013, approximately 30% of the Company's employees were covered by collective bargaining agreements. The Company believes that its employee relations are satisfactory.

Available Information

The public may read and copy any materials that the Company files with the SEC, including, without limitation, its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information in the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file with the SEC at http://www.sec.gov. The Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and amendments to those reports, are also available free of charge on our internet website at http://www.revloninc.com as soon as reasonably practicable after such reports are electronically filed with or furnished to the SEC.

Item 1A. Risk Factors

In addition to the other information in this report, investors should consider carefully the following risk factors when evaluating the Company's business.

Revlon, Inc. is a holding company with no business operations of its own and is dependent on its subsidiaries to pay certain expenses and dividends. In addition, shares of the capital stock of Products Corporation, Revlon, Inc.'s wholly-owned operating subsidiary, are pledged by Revlon, Inc. to secure its obligations under the Amended Credit Agreements.

Revlon, Inc. is a holding company with no business operations of its own. Revlon, Inc.'s only material asset is all of the outstanding capital stock of Products Corporation, Revlon, Inc.'s wholly-owned operating subsidiary, through which Revlon, Inc. conducts its business operations. As such, Revlon, Inc.'s net (loss) income has historically consisted predominantly of its equity in the net income of Products Corporation, which for 2013, 2012 and 2011 was $1.6 million, $71.2 million and $64.0 million, respectively (which excluded $8.1 million, $19.3 million and $7.4 million, respectively, in expenses primarily related to Revlon, Inc. being a public holding company). Revlon, Inc. is dependent on the earnings and cash flow of, and dividends and distributions from, Products Corporation to pay Revlon, Inc.'s expenses incidental to being a public holding company and to pay any cash dividend or distribution on its Class A Common Stock in each case that may be authorized by Revlon, Inc.'s Board of Directors.

Products Corporation may not generate sufficient cash flow to pay dividends or distribute funds to Revlon, Inc. because, for example, Products Corporation may not generate sufficient cash or net income; state laws may restrict or prohibit Products Corporation from issuing dividends or making distributions unless Products Corporation has sufficient surplus or net profits, which Products Corporation may not have; or because contractual restrictions, including negative covenants contained in Products Corporation's various debt instruments, may prohibit or limit such dividends or distributions.

The terms of the Amended Term Loan Agreement and the Amended Revolving Credit Agreement (together, the "Amended Credit Agreements"), the indenture governing the 5¾% Senior Notes (the "5¾% Senior Notes Indenture") and the Amended and Restated Senior Subordinated Term Loan Agreement generally restrict Products Corporation from paying dividends or advancing or making distributions to Revlon, Inc. except in limited circumstances (including, without limitation, that Products Corporation is permitted to pay dividends and advance and make distributions to Revlon, Inc. to enable Revlon, Inc., among other things, to pay expenses incidental to being a public holding company, including, among other things, professional fees such as legal, accounting and insurance fees, regulatory fees, such as SEC filing fees, NYSE listing fees and other expenses related to being a public holding company and, subject to certain limitations, to pay dividends, if any, on Revlon, Inc.'s outstanding securities or make distributions in certain circumstances to finance the purchase by Revlon, Inc. of its Class A Common Stock in connection with the delivery of such Class A Common Stock to grantees under the Third Amended and Restated Revlon, Inc. Stock Plan). This limitation therefore restricts Revlon, Inc.'s ability to pay dividends on its Class A Common Stock.

All of the shares of the capital stock of Products Corporation held by Revlon, Inc. are pledged to secure Revlon, Inc.'s guarantee of Products Corporation's obligations under the Amended Credit Agreements. A foreclosure upon the shares of Products Corporation's common stock would result in Revlon, Inc. no longer holding its only material asset and would have a material adverse effect on the holders of Revlon, Inc.'s Common Stock and would be a change of control under Products Corporation's other debt instruments. (See also "Risk Factors - Shares of Revlon, Inc. Class A Common Stock and Products Corporation's capital stock are pledged to secure various of Revlon, Inc.'s and/or other of the Company's affiliates' obligations and foreclosure upon these shares or dispositions of shares could result in the acceleration of debt under the Amended Credit Agreements and the 5¾% Senior Notes Indenture and could have other consequences.")

Products Corporation's substantial indebtedness, including the additional Acquisition Term Loan which it used as a source of funds to consummate the Colomer Acquisition, could adversely affect the Company's operations and flexibility and Products Corporation's ability to service its debt.

Products Corporation has a substantial amount of outstanding indebtedness. In connection with closing the Colomer Acquisition, Products Corporation incurred an additional $700.0 million Acquisition Term Loan under the Amended Term Loan Agreement. As of December 31, 2013, the Company's total indebtedness was $1,942.2 million (or $1,935.6 million net of discounts), primarily including $700.0 million aggregate principal amount outstanding under the Acquisition Term Loan, $675.0 million aggregate principal amount outstanding under the 2011 Term Loan, $500.0 million in aggregate principal face amount outstanding of Products Corporation's 5¾% Senior Notes and $58.4 million under the Non-Contributed Loan (as hereinafter defined). Incurring the Acquisition Term Loan increased the Company's leverage and the ratio of the Company's net debt to earnings before interest, tax, depreciation and amortization. While Revlon, Inc. achieved net income of $51.1 million for the year ended December 31, 2012 (which included non-cash benefits of $15.8 million related to reductions of the Company's deferred tax valuation allowance at December 31, 2012), it recorded a net loss of $5.8 million for the year ended December 31, 2013 and if the Company is unable to achieve sustained profitability and free cash flow in future periods, it could adversely affect the Company's operations and Products Corporation's ability to service its debt and/or comply with the financial and/or operating covenants under its various debt instruments.

The Company is subject to the risks normally associated with substantial indebtedness, including the risk that the Company's operating revenues will be insufficient to meet required payments of principal and interest, and the risk that Products Corporation will be unable to refinance existing indebtedness when it becomes due or, if it is unable to comply with the financial or operating covenants under its debt instruments, to obtain any necessary consents, waivers or amendments or that the terms of any such refinancing and/or consents, waivers or amendments will be less favorable than the current terms of such indebtedness. Products Corporation's substantial indebtedness could also have the effect of:

- limiting the Company's ability to fund (including by obtaining additional financing) the costs and expenses of the execution of the Company's business strategy (including activities related to the integration of the Colomer business into the Company's business), future working capital, capital expenditures, advertising, promotional or marketing expenses, new product development costs, purchases and reconfigurations of wall displays, acquisitions, acquisition integration costs, investments, restructuring programs and other general corporate requirements;
- requiring the Company to dedicate a substantial portion of its cash flow from operations to payments on Products Corporation's indebtedness, thereby reducing the availability of the Company's cash flow for the execution of the Company's business strategy and for other general corporate purposes;
- placing the Company at a competitive disadvantage compared to its competitors that have less debt;
- exposing the Company to potential events of default (if not cured or waived) under the financial and operating covenants contained in Products Corporation's debt instruments;
- limiting the Company's flexibility in responding to changes in its business and the industry in which it operates; and
- making the Company more vulnerable in the event of adverse economic conditions or a downturn in its business.

Although agreements governing Products Corporation's indebtedness, including the Amended Credit Agreements, the 5¾% Senior Notes Indenture and the Amended and Restated Senior Subordinated Term Loan Agreement, limit Products Corporation's ability to borrow additional money, under certain circumstances Products Corporation is allowed to borrow a significant amount of additional money, some of which, in certain circumstances and subject to certain limitations, could be secured indebtedness. To the extent that more debt is added to the Company's current debt levels, the risks described above would increase further.

Products Corporation's ability to pay the principal amount of its indebtedness depends on many factors.

The 2011 Term Loan under the Amended Term Loan Facility, with $675.0 million aggregate principal amount outstanding, matures in November 2017, the Acquisition Term Loan under the Amended Term Loan Facility, with $700.0 million aggregate principal amount outstanding, matures on the sixth anniversary of the closing of the Acquisition Term Loan (or October 8, 2019), the Amended Revolving Credit Facility matures on the earlier of August 14, 2018 and 90 days prior to the earliest maturity date of any term loans then outstanding under the Amended Term Loan Facility, but not earlier than June 16, 2016, the Non-Contributed Loan matures in October 2014, and the 5¾%

Senior Notes mature in February 2021. Products Corporation currently anticipates that, in order to pay the principal amount of its outstanding indebtedness upon the occurrence of any event of default, to repurchase its 5¾% Senior Notes if a change of control occurs, or in the event that Products Corporation's cash flows from operations are insufficient to allow it to pay the principal amount of its indebtedness at maturity, the Company may be required to refinance Products Corporation's indebtedness, seek to sell assets or operations, seek to sell additional Revlon, Inc. equity, seek to sell Revlon, Inc. debt securities or Products Corporation debt securities or seek additional capital contributions or loans from MacAndrews & Forbes or from the Company's other affiliates and/or third parties. The Company may be unable to take any of these actions, because of a variety of commercial or market factors or constraints in Products Corporation’s debt instruments, including, for example, market conditions being unfavorable for an equity or debt issuance, additional capital contributions or loans not being available from affiliates and/or third parties, or that the transactions may not be permitted under the terms of the various debt instruments then in effect, such as due to restrictions on the incurrence of debt, incurrence of liens, asset dispositions and/or related party transactions. Such actions, if ever taken, may not enable the Company to satisfy its cash requirements or enable Products Corporation to comply with the financial covenants under the Amended Credit Agreements if the actions do not result in sufficient savings or generate a sufficient amount of additional capital, as the case may be.

None of the Company’s affiliates are required to make any capital contributions, loans or other payments to Products Corporation regarding its obligations on its indebtedness. Products Corporation may not be able to pay the principal amount of its indebtedness using any of the above actions because, under certain circumstances, the 5¾% Senior Notes Indenture or any of its other debt instruments (including the Amended Credit Agreements and the Amended and Restated Senior Subordinated Term Loan Agreement) or the debt instruments of Products Corporation’s subsidiaries then in effect may not permit the Company to take such actions. (See "Restrictions and covenants in Products Corporation’s debt agreements limit its ability to take certain actions and impose consequences in the event of failure to comply").

The future state of the credit markets, including any volatility and/or tightening of the credit markets and reduction in credit availability, could adversely impact the Company’s ability to refinance or replace Products Corporation’s outstanding indebtedness at or prior to their respective maturity dates, which may have a material adverse effect on the Company’s business, financial condition and/or results of operations.

Restrictions and covenants in Products Corporation’s debt agreements limit its ability to take certain actions and impose consequences in the event of failure to comply.

Agreements governing Products Corporation’s outstanding indebtedness, including the Amended Credit Agreements, the 5¾% Senior Notes Indenture and the Amended and Restated Senior Subordinated Term Loan Agreement, contain a number of significant restrictions and covenants that limit Products Corporation’s ability (subject in each case to limited exceptions) to, among other things:

- borrow money;
- use assets as security in other borrowings or transactions;
- pay dividends on stock or purchase stock;
- sell assets and use the proceeds from such sales;
- enter into certain transactions with affiliates;
- make certain investments;
- prepay, redeem or repurchase specified indebtedness; and
- permit restrictions on the payment of dividends to Products Corporation by its subsidiaries.

In addition, the Amended Credit Agreements contain financial covenants limiting Products Corporation’s first-lien senior secured debt-to-EBITDA ratio (in the case of the Amended Term Loan Agreement) and, under certain circumstances, requiring Products Corporation to maintain a minimum consolidated fixed charge coverage ratio (in the case of the Amended Revolving Credit Agreement). These covenants affect Products Corporation’s operating flexibility by, among other things, restricting its ability to incur expenses and indebtedness that could otherwise be used to fund the costs of executing the Company’s business strategy (including activities related to the integration of the Colomer business into the Company’s business) and to grow the Company’s business, as well as to fund general corporate purposes.

A breach of the Amended Credit Agreements would permit Products Corporation’s lenders to accelerate amounts outstanding under the Amended Credit Agreements, which would in turn constitute an event of default under the Amended and Restated Senior Subordinated Term Loan Agreement and the 5¾% Senior Notes Indenture, if the amount accelerated exceeds $25.0 million and such default remains uncured for 10 days following notice from (i) the holders of a majority of the outstanding principal amount of the Amended and Restated Senior Subordinated Term Loan (provided that if Revlon, Inc. or Products Corporation held such majority, notice would be required from the holders of a majority of the outstanding principal amount of the Amended and Restated Senior Subordinated Term Loan not held by Revlon, Inc. or Products Corporation at the time of any such decision) or (ii) the trustee or the holders of at least 30% of the outstanding principal amount of the notes under the 5¾% Senior Notes Indenture. In addition, holders of Products Corporation's outstanding 5¾% Senior Notes may require Products Corporation to repurchase their respective notes in the event of a change of control under the 5¾% Senior Notes Indenture. Upon a change of control, Products Corporation would be required, after fulfilling its repayment obligations under the 5¾% Senior Notes Indenture, to repay in full the Amended and Restated Senior Subordinated Term Loan. (See "Products Corporation's ability to pay the principal amount of its indebtedness depends on many factors.") Products Corporation may not have sufficient funds at the time of any such breach of any such covenant or change of control to repay in full the borrowings under the Amended Credit Agreements or the Amended and Restated Senior Subordinated Term Loan Agreement or to repurchase or redeem its outstanding 5¾% Senior Notes.

Events beyond the Company's control could impair the Company's operating performance, which could affect Products Corporation's ability to comply with the terms of Products Corporation's debt instruments. Such events may include decreased consumer spending in response to weak economic conditions or weakness in the consumption of beauty care products; adverse changes in currency exchange rates, currency controls and/or government-mandated pricing controls; decreased sales of the Company's products as a result of increased competitive activities by the Company's competitors; changes in consumer purchasing habits, including with respect to shopping channels; inventory management by the Company's customers; space reconfigurations or reductions in display space by the Company's customers; changes in pricing or promotional strategies by the Company's customers; less than anticipated results from the Company's existing or new products or from its advertising, promotional and/or marketing plans; or if the Company's expenses, including, without limitation, for pension expense under its benefit plans, acquisition-related integration costs, advertising, promotional and/or marketing activities or for sales returns related to any reduction of space by the Company's customers, product discontinuances or otherwise, exceed the anticipated level of expenses. Under such circumstances, Products Corporation may be unable to comply with the provisions of its debt instruments, including the financial covenants in the Amended Credit Agreements. If Products Corporation is unable to satisfy such covenants or other provisions at any future time, Products Corporation would need to seek an amendment or waiver of such financial covenants or other provisions. The respective lenders under the Amended Credit Agreements may not consent to any amendment or waiver requests that Products Corporation may make in the future, and, if they do consent, they may only do so on terms that are unfavorable to Products Corporation and/or Revlon, Inc.

In the event that Products Corporation is unable to obtain any such waiver or amendment, Products Corporation's inability to meet the financial covenants or other provisions of the Amended Credit Agreements would constitute an event of default under its Amended Credit Agreements, which would permit the bank lenders to accelerate the Amended Credit Agreements, which in turn would constitute an event of default under the Amended and Restated Senior Subordinated Term Loan Agreement, if the amount accelerated exceeds $25.0 million and such default remains uncured for 10 days following notice from the requisite number of lenders under the Amended and Restated Senior Subordinated Term Loan and would constitute an event of default under the 5¾% Senior Notes Indenture, if the amount accelerated exceeds $25.0 million and such default remains uncured for 10 days following notice from (i) in the case of the Amended and Restated Senior Subordinated Term Loan Agreement, the holders of a majority of the outstanding principal amount of the Amended and Restated Senior Subordinated Term Loan (provided that if Revlon, Inc. or Products Corporation held such majority, notice would be required from the holders of a majority of the outstanding principal amount of the Amended and Restated Senior Subordinated Term Loan not held by Revlon, Inc. or Products Corporation at the time of any such decision) or (ii) in the case of the 5¾% Senior Notes Indenture, the trustee or the holders of at least 30% of the outstanding principal amount of such outstanding notes.

Products Corporation's assets and/or cash flow and/or that of Products Corporation's subsidiaries may not be sufficient to fully repay borrowings under its outstanding debt instruments, either upon maturity or if accelerated upon an event of default, and if Products Corporation is required to repurchase its outstanding 5¾% Senior Notes or repay the Amended and Restated Senior Subordinated Term Loan or repay the Amended Credit Agreements upon a change of control, Products Corporation may be unable to refinance or restructure the payments on such debt. Further, if Products Corporation is unable to repay, refinance or restructure its indebtedness under the Amended Credit Agreements the lenders, subject to certain conditions and limitations as set forth in the third amended and restated intercreditor agreement, could proceed against the collateral securing that indebtedness.

Limits on Products Corporation's borrowing capacity under the Amended Revolving Credit Facility may affect the Company's ability to finance its operations.

While the Amended Revolving Credit Facility currently provides for up to $175.0 million of commitments, Products Corporation's ability to borrow funds under such facility is limited by a borrowing base determined relative to the value, from time to time, of eligible trade receivables and eligible inventory in the U.S. and the U.K. and eligible real property and equipment in the U.S. In January 2014, the Colomer U.S. Subsidiaries became additional guarantors under Products Corporation's Amended Term Loan Facility and Amended Revolving Credit Facility and the indenture for the 5¾% Senior Notes. In connection with becoming guarantors, substantially all of the assets of the Colomer U.S. Subsidiaries were pledged as collateral under Products Corporation's Amended Term Loan Facility and Amended Revolving Credit Facility, thereby increasing the value of the assets supporting the borrowing base under the Amended Revolving Credit Facility.

If the value of these eligible assets is not sufficient to support the full $175.0 million borrowing base, Products Corporation will not have full access to the Amended Revolving Credit Facility, but rather could have access to a lesser amount determined by the borrowing base. As Products Corporation continues to manage its working capital, this could reduce the borrowing base under the Amended Revolving Credit Facility. Further, if Products Corporation borrows funds under such facility, subsequent changes in the value or eligibility of the assets within the borrowing base could cause Products Corporation to be required to pay down the amounts outstanding under such facility so that there is no amount outstanding in excess of the then-existing borrowing base.

Products Corporation's ability to borrow under the Amended Revolving Credit Facility is also conditioned upon its compliance with other covenants in the Amended Revolving Credit Agreement governing such facility, including a fixed charge coverage ratio that applies when the difference between (1) the borrowing base under such facility and (2) the amounts outstanding under such facility is less than $20.0 million. Because of these limitations, Products Corporation may not always be able to meet its cash requirements with funds borrowed under the Amended Revolving Credit Facility, which could have a material adverse effect on the Company's business, financial condition and/or results of operations.

At December 31, 2013, the aggregate principal amount outstanding under the Acquisition Term Loan and the 2011 Term Loan was $700.0 million and $675.0 million, respectively, with the Company having a liquidity position of $384.7 million, consisting of unrestricted cash and cash equivalents (net of any outstanding checks) of $234.5 million, as well as $150.2 million in available borrowings under the Amended Revolving Credit Facility, based upon the calculated borrowing base less $9.8 million of undrawn outstanding letters of credit and nil then drawn under the Amended Revolving Credit Facility at such date. As a result of the Colomer U.S. Subsidiaries becoming additional guarantors under Products Corporation’s Amended Revolving Credit Facility in January 2014, substantially all of their assets were pledged as collateral under Products Corporation’s Amended Term Loan Facility and Amended Revolving Credit Facility, thereby increasing the value of the assets supporting the borrowing base under the Amended Revolving Credit Facility.

The Amended Revolving Credit Facility is syndicated to a group of banks and financial institutions. Each bank is responsible to lend its portion of the $175.0 million commitment if and when Products Corporation seeks to draw under the Amended Revolving Credit Facility. The lenders may assign their commitments to other banks and financial institutions in certain cases without prior notice to Products Corporation. If a lender is unable to meet its lending commitment, then the other lenders under the Amended Revolving Credit Facility have the right, but not the obligation, to lend additional funds to make up for the defaulting lender’s commitment, if any. Products Corporation has never had any of its lenders under the Amended Revolving Credit Facility fail to fulfill their lending commitment. Based on information available to the Company, the Company has no reason to believe that any of the lenders under the Amended Revolving Credit Facility would be unable to fulfill their commitments to lend under the Amended Revolving Credit Facility as of December 31, 2013. However, it is possible that economic conditions and potential volatility in the financial markets, among other factors, could impact the liquidity and financial condition of certain banks and financial institutions. If one or more lenders under the Amended Revolving Credit Facility were unable to fulfill their commitment to lend, such inability would impact the Company's liquidity and, depending upon the amount involved and the Company's liquidity requirements, could have an adverse effect on the Company's ability to fund its operations, which could have a material adverse effect on the Company's business, financial condition and/or results of operations.

A substantial portion of Products Corporation's indebtedness is subject to floating interest rates.

A substantial portion of Products Corporation's indebtedness is subject to floating interest rates, which makes the Company more vulnerable in the event of adverse economic conditions, increases in prevailing interest rates or a downturn in the Company's business. As of December 31, 2013, $1,439.3 million of Products Corporation's total indebtedness (or $1,432.7 million net of discounts), or approximately 74% of Products Corporation's total indebtedness, was subject to floating interest rates.

Under the Amended Term Loan Agreement, as of December 31, 2013 the $700.0 million in aggregate principal amount outstanding under the Acquisition Term Loan and the $675.0 million in aggregate principal amount outstanding under the 2011 Term Loan bear interest, at Products Corporation's option, at either the Eurodollar Rate (as defined in the Amended Term Loan Agreement) plus 3.00% per annum (provided that in no event shall the Eurodollar Rate (which is based upon LIBOR) be less than 1.00% per annum), or the Alternate Base Rate (as defined in the Amended Term Loan Agreement) plus 2.00% per annum, which Alternate Base Rate is based on the greater of Citibank, N.A.’s announced base rate and the U.S. federal funds rate plus 0.5% (provided that in no event shall the Alternative Base Rate be less than 2.00% per annum). Pursuant to the February 2014 Term Loan Amendment, the interest rates applicable to the $675 million Amended Tranche were reduced such that Eurodollar Loans under the Amended Tranche 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 Amended Tranche 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).

In November 2013, Products Corporation entered into a forward-starting interest rate swap in a single derivative with a notional amount of $400 million in respect of indebtedness under the Acquisition Term Loan for a three-year period beginning in May 2015 (the "2013 Interest Rate Swap"). Under the terms of the 2013 Interest Rate Swap, Products Corporation will be required to pay to the counterparty a quarterly fixed interest rate of 2.0709% on the $400 million notional amount, while receiving variable interest rate payments from the counterparty equal to the three-month U.S. dollar LIBOR, with a LIBOR floor of 1.00% (which effectively fixes the interest rate on such notional amount at 5.0709% over the three-year term of the 2013 Interest Rate Swap). While Products Corporation may enter into other interest hedging contracts, it may not be able to do so on a cost-effective basis, and any hedging transactions that Products Corporation enters into may not achieve their intended purpose and shifts in interest rates may have a material adverse effect on the Company’s business, financial condition and/or results of operations.

At December 31, 2013, the Eurodollar Rate, LIBOR and the Alternate Base Rate were 1.0% (as a result of the Eurodollar Rate floor referred to above), 0.25% and 3.25%, respectively. Pursuant to the 2013 Interest Rate Swap, the LIBOR portion of the interest rate on $400 million of outstanding indebtedness under the Acquisition Term Loan is effectively fixed at 5.0709% beginning in May 2015 through May 2018. Borrowings under the Amended Revolving Credit Facility (other than loans in foreign currencies) bear interest at a rate equal to, at Products Corporation's option, either (i) the Eurodollar Rate plus the applicable margin set forth in the grid below, or (ii) the Alternate Base Rate (as defined in the Amended Revolving Credit Agreement) plus the applicable margin set forth in the grid below:

Excess Availability	Alternate Base Rate Loans	Eurodollar Loans, Eurocurrency Loan or Local Rate Loans
Greater than or equal to $92,000,000	0.50%	1.50%
Less than $92,000,000 but greater than or equal to $46,000,000	0.75%	1.75%
Less than $46,000,000	1.00%	2.00%

Local Loans (as defined in the Amended Revolving Credit Agreement) bear interest, if mutually acceptable to Products Corporation and the relevant foreign lenders, at the Local Rate, and otherwise (i) if in foreign currencies or in U.S. Dollars, at the Eurodollar Rate or the Eurocurrency Rate plus the applicable margin set forth in the grid above or (ii) if in U.S. Dollars, at the Alternate Base Rate plus the applicable margin set forth in the grid above.

Under the Amended and Restated Senior Subordinated Term Loan Agreement, the Non-Contributed Loan bears interest at a floating rate of LIBOR plus 7%, with a 1.5% LIBOR floor.

If any of LIBOR, the base rate, the U.S. federal funds rate or such equivalent local currency rate increases, Product Corporation's debt service costs will increase to the extent that Products Corporation has elected such rates for its outstanding loans. Based on the amounts outstanding under the Amended Credit Agreements, the Non-Contributed Loan under the Amended and Restated Senior Subordinated Term Loan and other short-term borrowings (which, in the aggregate, are Products Corporation’s only debt currently subject to floating interest rates) as of December 31, 2013, an increase in LIBOR of 1% would increase the Company’s annual interest expense by $14.6 million. Increased debt service costs would adversely affect the Company's cash flow.

The Company depends on its Oxford, North Carolina facility for production of a substantial portion of its products within the Consumer segment. Disruptions at this facility, and/or at other Company or third party facilities at which the Company's products are manufactured for both its Consumer and Professional segments, could affect the Company's business, financial condition and/or results of operations.

The Company produces a substantial portion of its products at its Oxford, North Carolina facility. Significant unscheduled downtime at this facility, or at other Company facilities, including those that the Company recently acquired within the Professional segment, and/or third party facilities at which the Company's products are manufactured, whether due to equipment breakdowns, power failures, natural disasters, weather conditions hampering delivery schedules or other disruptions, including those caused by transitioning manufacturing across these facilities, or any other cause could adversely affect the Company's ability to provide products to its customers, could affect the Company's sales, business, financial condition and/or results of operations. Additionally, if product sales exceed forecasts or production, the Company could, from time to time, not have an adequate supply of products to meet customer demands, which could cause the Company to lose sales.

The Company's new product introductions may not be as successful as the Company anticipates, which could have a material adverse effect on the Company's business, financial condition and/or results of operations.

The Company has a rigorous process for the continuous development and evaluation of new product concepts, led by executives in marketing, sales, research and development, product development, operations, law and finance. Each new product launch, including those resulting from this new product development process, carries risks, as well as the possibility of unexpected consequences, including:

- the acceptance of the new product launches by, and sales of such new products to, the Company's customers may not be as high as the Company anticipates;
- the Company's advertising, promotional and marketing strategies for its new products may be less effective than planned and may fail to effectively reach the targeted consumer base or engender the desired consumption
- the rate of purchases by the Company's consumers may not be as high as the Company anticipates;

- the Company's wall displays to showcase its new products may fail to achieve their intended effects;

- the Company may experience out-of-stocks and/or product returns exceeding its expectations as a result of its new product launches or space reconfigurations or reductions in retail display space by its customers or the Company's net sales may be impacted by inventory management by its customers or changes in pricing or promotional strategies by its customers;
- the Company may incur costs exceeding its expectations as a result of the continued development and launch of new products, including, for example, advertising, promotional and marketing expenses, sales return expenses or other costs related to launching new products;
- the Company may experience a decrease in sales of certain of the Company's existing products as a result of newly-launched products, the impact of which could be exacerbated by shelf space limitations and/or any shelf space loss. (See Item 1A. “Risk Factors-"Competition in the cosmetics, hair and beauty care products business could have a material adverse effect on the Company's business, financial condition and/or results of operations.")
- the Company's product pricing strategies for new product launches may not be accepted by its customers and/or its consumers, which may result in the Company's sales being less than it anticipates; and
- any delays or difficulties impacting the Company's ability, or the ability of the Company's suppliers, to timely manufacture, distribute and ship products, displays or display walls in connection with launching new products, such as due to inclement weather conditions or those delays or difficulties discussed under “- The Company depends on its Oxford, North Carolina facility for production of a substantial portion of the Company's products within the Consumer segment. Disruptions at this facility, and/or at other Company or third party facilities at which the Company's products are manufactured for both its Consumer and Professional segments, could affect the Company's business, financial condition and/or results of operations,” could affect the Company's ability to ship and deliver products to meet its customers’ reset deadlines.

Each of the risks referred to above could delay or impede the Company's ability to achieve its sales objectives, which could have a material adverse effect on the Company's business, financial condition and/or results of operations.

The Company's ability to service its debt and meet its cash requirements depends on many factors, including achieving anticipated levels of revenue and expenses. If such revenue or expense levels prove to be other than as anticipated, the Company may be unable to meet its cash requirements or Products Corporation may be unable to meet the requirements of the financial covenants under the Amended Credit Agreements, which could have a material adverse effect on the Company's business, financial condition and/or results of operations.

The Company currently expects that operating revenues, cash on hand, and funds available for borrowing under the Amended Revolving Credit Agreement and other permitted lines of credit will be sufficient to enable the Company to cover its operating expenses for 2014, including cash requirements for the payment of expenses in connection with the execution of the Company's business strategy, integration costs related to the Colomer Acquisition, purchases of permanent wall displays, capital expenditure requirements, debt service payments and costs, tax payments, pension and post-retirement plan contributions, payments in connection with the Company's restructuring programs, severance not otherwise included in the Company's restructuring programs and debt and/or equity repurchases, if any.

If the Company's anticipated level of revenue is not achieved, however, because of, for example, decreased consumer spending in response to weak economic conditions or weakness in the consumption of beauty care products; adverse changes in currency exchange rates, currency controls and/or government-mandated pricing controls; decreased sales of the Company's products as a result of increased competitive activities by the Company's competitors; changes in consumer purchasing habits, including with respect to shopping channels; inventory management by the Company's customers; space reconfigurations or reductions in display space by the Company's customers; changes in pricing or promotional strategies by the Company's customers; less than anticipated results from the Company's existing or new products or from its advertising, promotional and/or marketing plans; or if the Company's expenses, including, without limitation, for pension expense under its benefit plans, integration costs related to the Colomer Acquisition, advertising, promotional or marketing activities or for sales returns related to any reduction of space by the Company's customers, product discontinuances or otherwise, exceed the anticipated level of expenses, the Company's current sources of funds may be insufficient to meet its cash requirements. In addition, such developments, if significant, could reduce the Company's revenues and could adversely affect Products Corporation's ability to comply with certain financial covenants under the Amended Credit Agreements.

If operating revenues, cash on hand and funds available for borrowing are insufficient to cover the Company's expenses or are insufficient to enable Products Corporation to comply with the financial covenants under the Amended Credit Agreements, the Company could be required to adopt one or more of the alternatives listed below:

- delaying the implementation of or revising certain aspects of the Company's business strategy (including activities related to the integration of the Colomer business into the Company’s business);
- reducing or delaying purchases of wall displays or advertising, promotional or marketing expenses;
- reducing or delaying capital spending;

- implementing new restructuring programs;
- refinancing Products Corporation's indebtedness;
- selling assets or operations;
- seeking additional capital contributions and/or loans from MacAndrews & Forbes, the Company's other affiliates and/or third parties;
- selling additional Revlon, Inc. equity or debt securities or Products Corporation's debt securities; or
- reducing other discretionary spending.

There can be no assurance that the Company would be able to take any of these actions, because of a variety of commercial or market factors or constraints in Products Corporation's debt instruments, including, for example, market conditions being unfavorable for an equity or a debt issuance, additional capital contributions or loans not being available from affiliates and/or third parties, or that the transactions may not be permitted under the terms of Products Corporation's various debt instruments then in effect, such as due to restrictions on the incurrence of debt, incurrence of liens, asset dispositions and/or related party transactions. If the Company is required to take any of these actions, it could have a material adverse effect on its business, financial condition and/or results of operations.

Such actions, if ever taken, may not enable the Company to satisfy its cash requirements or enable Products Corporation to comply with the financial covenants under the Amended Credit Agreements if the actions do not result in sufficient savings or generate a sufficient amount of additional capital, as the case may be. (See "- Restrictions and covenants in Products Corporation's debt agreements limit its ability to take certain actions and impose consequences in the event of failure to comply," which discusses, among other things, the consequences of noncompliance with Products Corporation's credit agreement covenants).

Economic conditions could have a material adverse effect on the Company's business, financial condition and/or results of operations or on the financial condition of its customers and suppliers.

Economic conditions, in the U.S. and/or other countries where the Company operates, have contributed and may continue to contribute to high unemployment levels, lower consumer spending and reduced credit availability, and have impacted and could in the future impact business and consumer confidence. Such conditions could have an impact on consumer purchases and/or customer purchases of the Company's products, which could result in a reduction of net sales, operating income and/or cash flows. Additionally, disruptions in the credit and other financial markets and economic conditions could, among other things, impair the financial condition of one or more of the Company's customers or suppliers, thereby increasing the risk of customer bad debts or non-performance by suppliers. These conditions could have a material adverse effect on the Company's business, financial condition and/or results of operations.

The Company depends on a limited number of customers for a large portion of its net sales, and the loss of one or more of these customers could reduce the Company's net sales and have a material adverse effect on the Company's business, financial condition and/or results of operations.

Walmart and its affiliates worldwide accounted for approximately 21% of the Company's worldwide net sales for the year ended December 31, 2013 and 22% for each of the years ended December 31, 2012 and 2011. The Company expects that, for future periods, Walmart and a small number of other customers in the Consumer and Professional segments will, in the aggregate, continue to account for a large portion of the Company's net sales. These customers have demanded, and may continue to demand, increased service and other accommodations. The Company may be affected by changes in the policies and demands of its customers relating to service levels, inventory de-stocking, pricing and promotional strategies or limitations on access to wall display space. As is customary in the consumer products industry, none of the Company's customers is under an obligation to continue purchasing products from the Company in the future.

The loss of Walmart or one or more of the Company's other customers that may account for a significant portion of the Company's net sales, or any significant decrease in sales to these customers, including as a result of consolidation among the Company's customers, inventory management by the Company's customers, changes in pricing or promotional strategies by the Company's customers or space reconfigurations by the Company's customers or any significant decrease in the Company's display space, could reduce the Company's net sales and/or operating income and therefore could have a material adverse effect on the Company's business, financial condition and/or results of operations.

Declines in the financial markets may result in increased pension expense and increased cash contributions to the Company's pension plans.

Declines in the U.S. and global financial markets could result in significant declines in the Company's pension plan assets and result in increased pension expense and cash contributions to the Company's pension plans. Interest rate levels will affect the discount rate used to value the Company's year-end pension benefit obligations. One or more of these factors, individually or taken together, could impact future required cash contributions to the Company's pension plans and pension expense. Any one or more of these conditions could have a material adverse effect on the Company's business, financial condition and/or results of operations.

The Company may be unable to maintain or increase its sales through the Company's primary distribution channels, which could have a material adverse effect on the Company's business, financial condition and/or results of operations.

A decrease in consumer demand in the U.S. and internationally for beauty care products, inventory management by the Company's customers, changes in pricing or promotional strategies by the Company's customers, a reduction in display space by the Company's customers and/or a change in consumers' purchasing habits, such as by buying more cosmetics and beauty care products in channels in which the Company does not currently compete (such as prestige and department stores, television shopping, door-to-door, specialty stores, the internet, perfumeries and other distribution outlets, which combine to account for a significant amount of beauty care sales), could impact sales of the Company's products, which could reduce the Company's net sales and which could have a material adverse effect on the Company's business, financial condition and/or results of operations.

Competition in the cosmetics, hair and beauty care products business could have a material adverse effect on the Company's business, financial condition and/or results of operations.

The cosmetics, hair and beauty care products business is highly competitive. The Company competes primarily by:

- developing quality products with innovative performance features, shades, finishes and packaging;
- educating consumers and salon professionals about the benefits of the Company's products;
- anticipating and responding to changing consumer and salon professional demands in a timely manner, including the timing of new product introductions and line extensions;
- offering attractively priced products, relative to the product benefits provided;
- maintaining favorable brand recognition;
- generating competitive margins and inventory turns for the Company's customers by providing relevant products and executing effective pricing, incentive and promotion programs;
- ensuring product availability through effective planning and replenishment collaboration with the Company's customers;
- providing strong and effective advertising, promotion, marketing and merchandising support;
- maintaining an effective sales force and distribution network; and
- obtaining and retaining sufficient display space, optimal in-store positioning and effective presentation of the Company's products on-shelf.

An increase in or change in the current level of competition that the Company faces could have a material adverse effect on the Company's business, financial condition and/or results of operations.

In addition, the Company competes against a number of multi-national manufacturers, some of which are larger and have substantially greater resources than the Company, and which may therefore have the ability to spend more aggressively than the Company on advertising, promotions and marketing and have more flexibility than the Company to respond to changing business and economic conditions. The Company's products also compete with similar products sold through channels other than those in which it competes, including prestige and department stores, television shopping, door-to-door, specialty stores, the internet, perfumeries and other distribution outlets.

Additionally, the Company's major customers periodically assess the allocation of display space among competitors and in the course of doing so could elect to reduce the display space allocated to the Company's products, if, for example, the Company's marketing strategies for its new and/or existing products are less effective than planned, fail to effectively reach the targeted consumer base, fail to engender the desired consumption and/or fail to sustain productive levels of market share; and/or the rate of purchases by the Company's consumers are not as high as the Company anticipates. Within the Company's Consumer segment, among the factors used by the Company's major customers in assessing the allocation of display space is a brand's share of the color cosmetics category in the U.S. mass retail channel. The Company's color cosmetics brands have experienced, over time, year-over-year share declines in its color cosmetics brands in the U.S. mass retail channel and it is possible that the Company may continue to experience further share declines. Further declines in the Company's share in the U.S. mass retail channel, including with respect to the Company's Almay brand, could, among other things, contribute to a loss of display space and/or decreased revenues. Any significant loss of display space could have a material adverse effect on the Company's business, financial condition and/or results of operations.

The Company's foreign operations are subject to a variety of social, political and economic risks and have been, and are expected to continue to be, affected by foreign currency fluctuations, currency controls and/or government-mandated pricing controls, which could have a material adverse effect on the results of the Company's business, financial condition and/or results of operations and the value of its foreign assets.

As of December 31, 2013, the Company had operations based in 24 foreign countries and its products were sold in more than 150 countries. The Company is exposed to risks associated with social, political and economic conditions, including inflation, inherent in operating in foreign countries, including those in Asia (including Japan), Australia, Eastern Europe, South America (including Venezuela and Argentina) and South Africa, which could have a material adverse effect on the Company's business, financial condition and/or results of operations. Such risks arise from laws and policies that govern foreign investment in countries where the Company has operations, hyperinflation, currency devaluation, currency controls, government-mandated pricing controls, currency remittance restrictions, changes in consumer purchasing habits (including as to shopping channels), as well as, to a lesser extent, changes in U.S. laws and regulations relating to foreign trade and investment.

These risks and limitations could affect the ability of the Company's foreign subsidiaries to obtain sufficient capital to conduct their operations in the ordinary course of business. These limitations and the difficulties that certain of the Company's foreign subsidiaries may experience on the free flow of funds to these foreign subsidiaries could restrict the Company's ability to respond timely to challenging market conditions or changes in operations, which could have a material adverse effect on the Company's business, financial condition and/or results of operations.

Currency restrictions enacted by the Venezuelan government, which began in 2003, have impacted the ability of Revlon Venezuela to obtain U.S. Dollars in exchange for local currency at the official foreign exchange rates. Revlon Venezuela accounted for approximately 1% of the Company's net sales for the year ended December 31, 2013, and approximately 2% for each of the years ended December 31, 2012 and 2011.

Effective January 1, 2010, Venezuela was designated as a highly inflationary economy under U.S. GAAP and as a result of the hyperinflationary designation and devaluation of the local currency in Venezuela, the Company's results of operations in 2010 were adversely impacted. As a result, during 2011 and 2012, the Company used alternative foreign currency markets with less favorable exchange rates to access U.S. Dollars for Revlon Venezuela, which adversely impacted the Company's results of operations.

On February 8, 2013, the Venezuelan government announced the devaluation of Bolivars relative to the U.S. Dollar, effective beginning February 13, 2013, changing the official rate to 6.30 Bolivars per U.S. Dollar (the “Official Rate”). The Venezuelan government also announced that the Sistema de Transacciones en Moneda Extranjera ("SITME") currency market, which the Company had been using through early February 2013, would be eliminated. During the second quarter of 2013, Revlon Venezuela received approval from the Venezuelan government to import certain products through Venezuela's foreign exchange commission, the Comisión de Administracion de Divisas (“CADIVI”), subject to certain restrictions. The Company began importing certain products in the third quarter of 2013 utilizing the CADIVI market at the Official Rate. The Company imported approximately $2 million of products using the CADIVI market in 2013. In addition, a new foreign currency exchange system, Sistema Complementario de Administración de Divisas (“SICAD”), was developed in Venezuela during 2013. The Company received approval to import certain products utilizing the SICAD market, however, the Company did not import any products through the SICAD market in 2013.

In January 2014, the Venezuela government announced that CADIVI will be eliminated and be replaced by the National Center of Foreign Trade ("NCFT"), and indicated that the SICAD market will continue to be offered as an alternative exchange. Although it is unclear at this time when the changes announced in January 2014 will take effect, the Company will attempt to continue participating in exchanging Bolivars for U.S. Dollars to the extent permitted through the CADIVI, SICAD and/or NCFT markets to the extent reasonable for its business in the future. If the rate of exchange in any new currency market is higher than the Official Rate, it may have a negative impact on the Company’s results of operations going forward.

Volume restrictions on the conversion of the Bolivar to the U.S. Dollar limits Revlon Venezuela’s purchasing activity. Due to the current political and economic environment in Venezuela, there is also a risk that there could be a foreign currency devaluation which could cause the Company's cash and cash equivalents to decrease, and which could adversely impact the Company’s financial condition and results of operations. At December 31, 2013, the impact to the

Company of a 100% devaluation in the official exchange rate (to approximately 12.6 Bolivars per U.S. Dollar) would be a one-time foreign currency loss of approximately $0.5 million to reflect the re-measurement of Revlon Venezuela's balance sheet. Going forward, additional governmental restrictions, including further currency devaluations or continued worsening of import authorization controls, foreign exchange price controls or labor unrest in Venezuela, could have further adverse impacts on the Company’s business and results of operations.
Additionally, while the Company is in the process of exiting its business operations in China, transfers of funds to the Company's subsidiary in China, either as a shareholder loan or as an increase in registered capital, are subject to registration with or approval by China’s governmental authorities, including the State Administration of Foreign Exchange, or SAFE, or the relevant examination and approval authority. Also, Company loans to finance its China subsidiary cannot exceed certain statutory limits.

The Company's net sales outside of the U.S. for the years ended December 31, 2013, 2012 and 2011 were approximately 44%, 43% and 44% of the Company's total consolidated net sales, respectively. Fluctuations in foreign currency exchange rates have affected and may continue to affect the Company's results of operations and the value of the Company's foreign assets in 2013 and 2014, respectively, which in turn may adversely affect the Company's reported net sales and earnings and the comparability of period-to-period results of operations.
Products Corporation enters into foreign currency forward exchange contracts to hedge certain net cash flows denominated in foreign currencies. The foreign currency forward exchange contracts are entered into primarily for the purpose of hedging anticipated inventory purchases and certain intercompany payments denominated in foreign currencies and generally have maturities of less than one year. At December 31, 2013, the notional amount of Products Corporation's foreign currency forward exchange contracts was $52.9 million. The foreign currency forward exchange contracts that Products Corporation enters into may not adequately protect against foreign currency fluctuations.
Terrorist attacks, acts of war or military actions and/or other civil unrest may adversely affect the territories in which the Company operates and the Company's business, financial condition and/or results of operations.
On September 11, 2001, the U.S. was the target of terrorist attacks of unprecedented scope. These attacks contributed to major instability in the U.S. and other financial markets and reduced consumer confidence. These terrorist attacks, as well as terrorist attacks such as those that have occurred in Benghazi, Libya, Madrid, Spain and London, England, attempted terrorist attacks, military responses to terrorist attacks, other military actions and/or civil unrest as recently occurring in the Ukraine and Venezuela, may adversely affect prevailing economic conditions, resulting in work stoppages, reduced consumer spending and/or reduced demand for the Company's products. These developments subject the Company's worldwide operations to increased risks and, depending on their magnitude, could reduce net sales and therefore could have a material adverse effect on the Company's business, financial condition and/or results of operations.
The Company's products are subject to federal, state and international regulations that could adversely affect the Company's business, financial condition and/or results of operations.
The Company is subject to regulation by the Federal Trade Commission (the “FTC”) and the Food and Drug Administration (the “FDA”), in the U.S., as well as various other federal, state, local and foreign regulatory authorities, including those in the European Union, or the EU, Canada and other countries in which the Company operates. The Company's Oxford, North Carolina and Jacksonville, Florida manufacturing facilities are registered with the FDA as drug manufacturing establishments, permitting the manufacture of cosmetics and other beauty-care products that contain over-the-counter drug ingredients, such as sunscreens and anti-perspirant deodorants in the case of the Oxford, North Carolina facility and anti-dandruff hair-care products in the case of the Jacksonville, Florida facility. Regulations in the U.S., the EU, Canada and other countries in which the Company operates that are designed to protect consumers or the environment have an increasing influence on the Company's product claims, ingredients and packaging. To the extent federal, state, local and/or foreign regulatory changes occur in the future, they could require the Company to reformulate or discontinue certain of its products or revise its product packaging or labeling, any of which could result in, among other things, increased costs to the Company, delays in product launches, product returns or recalls and lower net sales, and therefore could have a material adverse effect on the Company's business, financial condition and/or results of operations.
The failure of the Company's information technology systems and/or difficulties or delays in implementing new information technology systems could disrupt the Company's business operations which could have a material adverse effect on the Company's business, financial condition and/or results of operations.
The operation of the Company's business depends on the Company's information technology systems. The Company relies on its information technology systems to effectively manage, among other things, the Company's business data, communications, supply chain, inventory management, customer order entry and order fulfillment, processing transactions, summarizing and reporting results of operations, human resources benefits and payroll management, compliance with regulatory, legal and tax requirements and other processes and data necessary to manage the Company's business. The failure of the Company's information technology systems, including any failure of the Company's current systems and/or as a result of transitioning to additional or replacement information technology systems, as the case may be, to perform as the Company anticipates could disrupt the Company's business and could

result in, among other things, transaction errors, processing inefficiencies, loss of data and the loss of sales and customers, which could cause the Company's business and results of operations to suffer. In addition, the Company's information technology systems may be vulnerable to damage or interruption from circumstances beyond the Company's control, including, without limitation, fire, natural disasters, power outages, systems failure, system conversions, security breaches, cyber-attacks, viruses and/or human error. In any such event, the Company could be required to make a significant investment to fix or replace its information technology systems, and the Company could experience interruptions in its ability to service its customers. Any such damage or interruption could have a material adverse effect on the Company's business, financial condition and/or results of operations.

We are in the process of developing a plan to implement a company-wide SAP enterprise resource planning ("ERP") system. Our anticipated SAP ERP system implementation may not result in improvements that outweigh its costs and may disrupt our operations. The system implementation subjects us to substantial costs, the majority of which are capital expenditures, and inherent risks associated with migrating from our legacy systems. These costs and risks could include, but are not limited to:

- inability to fill customer orders accurately or on a timely basis, or at all;
- inability to process payments to vendors accurately or in a timely manner;
- disruption of our internal control structure;
- inability to fulfill our SEC or other governmental reporting requirements in a timely or accurate manner;
- inability to fulfill federal, state and local tax filing requirements in a timely or accurate manner;
- increased demands on management and staff time to the detriment of other corporate initiatives; and
- significant capital and operating expenditures.

If we are unable to successfully plan, design or implement this new SAP ERP system, in whole or in part, or experience unanticipated difficulties or delays in doing so, it could have a material adverse effect on our business, financial condition and/or results of operations.

Shares of Revlon, Inc. Class A Common Stock and Products Corporation's capital stock are pledged to secure various of Revlon, Inc.'s and/or other of the Company's affiliates' obligations and foreclosure upon these shares or dispositions of shares could result in the acceleration of debt under the Amended Credit Agreements, the 5¾% Senior Notes Indenture and the Amended and Restated Senior Subordinated Term Loan Agreement and could have other consequences.

All of Products Corporation's shares of common stock are pledged to secure Revlon, Inc.'s guarantee under the Amended Credit Agreements. MacAndrews & Forbes has advised the Company that it has pledged shares of Revlon, Inc.'s Class A Common Stock to secure certain obligations of MacAndrews & Forbes. Additional shares of Revlon, Inc. and shares of common stock of intermediate holding companies between Revlon, Inc. and MacAndrews & Forbes may from time to time be pledged to secure obligations of MacAndrews & Forbes. A default under any of these obligations that are secured by the pledged shares could cause a foreclosure with respect to such shares of Revlon, Inc.'s Class A Common Stock, Products Corporation's common stock or stock of intermediate holding companies between Revlon, Inc. and MacAndrews & Forbes.

A foreclosure upon any such shares of common stock or dispositions of shares of Revlon, Inc.'s Class A Common Stock, Products Corporation's common stock or stock of intermediate holding companies between Revlon, Inc. and MacAndrews & Forbes which are beneficially owned by MacAndrews & Forbes could, in a sufficient amount, constitute a "change of control" under the Amended Credit Agreements, the 5¾% Senior Notes Indenture and the Amended and Restated Senior Subordinated Term Loan Agreement. A change of control constitutes an event of default under the Amended Credit Agreements which would permit Products Corporation's lenders to accelerate amounts outstanding under such facilities. In addition, holders of the 5¾% Senior Notes may require Products Corporation to repurchase their respective 5¾% Senior Notes under those circumstances. Upon a change of control, Products Corporation would also be required, after fulfilling its repayment obligations under the 5¾% Senior Notes Indenture, to repay in full the Amended and Restated Senior Subordinated Term Loan.

Products Corporation may not have sufficient funds at the time of any such change of control to repay in full the borrowings under the Amended Credit Facilities or to repurchase or redeem the 5¾% Senior Notes and/or repay the Non-Contributed Loan. (See "- The Company's ability to service its debt and meet its cash requirements depends on many factors, including achieving anticipated levels of revenue and expenses. If such revenue or expense levels prove to be other than as anticipated, the Company may be unable to meet its cash requirements or Products Corporation may be unable to meet the requirements of the financial covenants under the Amended Credit Agreements which could have a material adverse effect on the Company's business, financial condition and/or results of operations.")

MacAndrews & Forbes has the power to direct and control the Company's business.

MacAndrews & Forbes is wholly-owned by Ronald O. Perelman. After giving effect to Revlon, Inc.'s mandatory redemption of its Series A Preferred Stock on October 8, 2013, as well as to MacAndrews & Forbes' voluntary conversion on October 4, 2013 of all of its 3,125,000 shares of Revlon Class B Common Stock, which had 10 votes per share, on a one-for-one basis into 3,125,000 shares of Revlon Class A Common Stock, Mr. Perelman, through MacAndrews & Forbes, beneficially owned approximately 78% of Revlon's outstanding Class A Common Stock on December 31, 2013. As a result, MacAndrews & Forbes is able to control the election of the entire Board of Directors of Revlon, Inc. and of Products Corporation's Board of Directors (as it is a wholly owned subsidiary of Revlon, Inc.) and controls the vote on all matters submitted to a vote of Revlon, Inc.'s and Products Corporation's stockholders, including the approval of mergers, consolidations, sales of some, all or substantially all of the Company's assets, issuances of capital stock and similar transactions.

The Company may not be able to integrate Colomer into the Company’s ongoing business operations, which may result in the Company’s inability to fully realize the intended benefits of the Colomer Acquisition, or may disrupt the Company's current operations, which could have a material adverse effect on the Company’s business, financial position and/or results of operations.

The Company plans to integrate the operations of Colomer into the Company’s business and expects to achieve approximately $30 million to $35 million of annualized cost reductions by the end of 2015, at a cost of approximately $45 million to $50 million in the aggregate over 2013 through 2015. The process of integrating Colomer into the Company's business involves complex operational, technological and personnel-related challenges, which are time-consuming and expensive and may disrupt the Company's ongoing core business operations and involves a number of integration risks, including, but not limited to:

- difficulties or complications in combining the companies' operations;
- differences in controls, procedures and policies, regulatory standards and business cultures among the combined companies;
- the diversion of management's attention from the Company's ongoing core business operations;
- difficulties or delays in consolidating Colomer’s information technology platforms, including implementing systems designed to continue to ensure that the Company maintains effective disclosure controls and procedures and internal control over financial reporting for the combined company and enable the Company to continue to comply with U.S. GAAP and applicable U.S. securities laws and regulations;
- possible disruptions that could result from efforts to consolidate the combined Company’s manufacturing facilities or changes in the combined Company’s supply chain, including work stoppages;
- unanticipated costs and other assumed contingent liabilities; and/or
- possible tax costs or inefficiencies associated with integrating the operations of the combined company.

These factors could cause the Company to not fully realize the anticipated financial and/or strategic benefits of the Colomer Acquisition, which could have a material adverse effect on the Company’s business, financial condition and/or results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The following table sets forth, as of December 31, 2013, the Company's major manufacturing, research and warehouse/distribution facilities, all of which are owned, except where otherwise noted.

Location	Segment	Use	Approximate Floor Space Sq. Ft.
Oxford, North Carolina	Consumer	Manufacturing, warehousing, distribution and office [a]	1,012,000
Jacksonville, Florida	Professional	Manufacturing, warehousing, distribution and office	725,000
Tarragona, Spain	Professional	Manufacturing, warehousing, distribution and office	300,000
Mississauga, Canada	Consumer	Warehousing, distribution and office (leased)	195,000
Queretaro, Mexico	Professional	Manufacturing, warehousing, distribution and office	128,000
Canberra, Australia	Consumer	Warehousing and distribution	125,000
Edison, New Jersey	Consumer	Research and office (leased)	123,000
Rietfontein, South Africa	Consumer	Warehousing, distribution and office (leased)	120,000
Isando, South Africa	Consumer	Manufacturing, warehousing, distribution and office	94,000
Stone, United Kingdom	Consumer	Warehousing and distribution (leased)	92,000
Bologna, Italy	Professional	Manufacturing, warehousing, distribution and office	80,000

[a] Property subject to liens under the Amended Credit Agreements.

In addition to the facilities described above, the Company owns and leases additional facilities in various areas throughout the world, including the lease for the Company's executive offices in New York, New York (approximately 76,500 square feet as of December 31, 2013) and in Cornella, Spain (approximately 107,000 square feet as of December 31, 2013). In February 2014, the Company entered into a new lease for the Company's executive offices in New York, New York (approximately 91,000 square

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feet), which the Company expects to move into in the second half of 2014. Management considers the Company's facilities to be well-maintained and satisfactory for the Company's operations, and believes that the Company's facilities and third party contractual supplier arrangements provide sufficient capacity for its current and expected production requirements.
The Company also owns a facility in Venezuela that was destroyed by a fire in June 2011. (See Note 1, “Description of Business and Summary of Significant Accounting Policies - Other Events - Fire at Revlon Venezuela Facility,” to the Consolidated Financial Statements in this Form 10-K, for further discussion.)

Item 3. Legal Proceedings

The Company is involved in various routine legal proceedings incidental to the ordinary course of its business. The Company believes that the outcome of all pending legal proceedings in the aggregate is not reasonably likely to have a material adverse effect on the Company’s business, financial condition and/or its results of operations. However, in light of the uncertainties involved in legal proceedings generally, the ultimate outcome of a particular matter could be material to the Company’s operating results for a particular period depending on, among other things, the size of the loss or the nature of the liability imposed and the level of the Company’s income for that particular period. (See Note 20, "Commitments and Contingencies" to the Consolidated Financial Statements in this Form 10-K, for further discussion.)

Item 4. Mine and Safety Disclosures. Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

MacAndrews & Forbes, which is wholly-owned by Ronald O. Perelman, at December 31, 2013 beneficially owned 40,669,640 shares of Revlon, Inc.'s Class A Common Stock, with a par value of $0.01 per share (the "Class A Common Stock") (28,389,938 shares of which were beneficially owned by MacAndrews & Forbes, 7,718,092 shares of which were owned by a holding company, RCH Holdings One Inc. (of which each of Mr. Perelman and The Ronald O. Perelman 2008 Trust owns 50% of the shares), and 4,561,610 shares of which were beneficially owned by a family member of Mr. Perelman with respect to which shares MacAndrews & Forbes holds a voting proxy).

In October 2013, MacAndrews & Forbes exercised its right under Revlon, Inc.'s Restated Certificate of Incorporation to voluntarily convert all of the 3,125,000 shares of Revlon, Inc.'s Class B Common Stock, with a par value of $0.01 per share (the "Class B Common Stock"), previously held in the name of REV Holdings LLC, on a one-for-one basis into 3,125,000 shares of Revlon, Inc. Class A Common Stock. The shares of Revlon, Inc.'s Class A Common Stock issued in such conversion were not registered under the Securities Act of 1933, as amended (the "Securities Act"). As MacAndrews & Forbes is an accredited investor within the meaning of Rule 501 of Regulation D under the Securities Act, such shares were issued in reliance on exemptions from registration under Section 4(2) of the Securities Act and Rule 506 of Regulation D under the Securities Act. Appropriate restrictive legends were affixed to the certificate representing the shares of Class A Common Stock issued to REV Holdings LLC in such conversion. Revlon, Inc. did not receive any proceeds in connection with such conversion.

In October 2009, Revlon, Inc. issued to stockholders who participated in the 2009 Exchange Offer 9,336,905 shares of Series A Preferred Stock, with a par value of $0.01 per share. On October 8, 2013, Revlon, Inc. consummated the mandatory redemption of the Series A Preferred Stock in accordance with such preferred stock's certificate of designation and paid such holders $48.6 million, which represented the $5.21 liquidation preference for each of the outstanding 9,336,905 shares of Series A Preferred Stock.

As a result of the above-referenced conversion and redemption transactions, Revlon, Inc.'s only class of capital stock outstanding at December 31, 2013 is its Class A Common Stock.

At December 31, 2013, Mr. Perelman, directly and indirectly, through MacAndrews & Forbes, beneficially owned approximately 78% of the issued and outstanding shares of Revlon, Inc.'s Class A Common Stock, which, following the above-referenced conversion of all of the Class B Common Stock and the redemption of all of the Series A Preferred Stock, represented approximately 78% of the voting power of Revlon, Inc.'s voting capital stock. The remaining 11,687,158 shares of Class A Common Stock issued and outstanding at December 31, 2013 were owned by the public.

Revlon, Inc.'s Class A Common Stock is listed and traded on the New York Stock Exchange (the "NYSE"). As of December 31, 2013, there were 404 holders of record of Class A Common Stock (which does not include the number of beneficial owners holding indirectly through a broker, bank or other nominee). No cash dividends were declared or paid during 2013 by Revlon, Inc. on its Common Stock. The terms of the Amended Credit Agreements, the 5¾% Senior Notes Indenture and the Amended and Restated Senior Subordinated Term Loan Agreement currently restrict Products Corporation's ability to pay dividends or make distributions to Revlon, Inc., except in limited circumstances.

The table below shows the high and low quarterly closing stock prices of Revlon, Inc.'s Class A Common Stock on the NYSE consolidated tape for the years ended December 31, 2013 and 2012.

	Year Ended December 31, 2013			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
High	$23.34	$22.62	$28.00	$29.12
Low	14.96	18.24	22.38	23.32

	Year Ended December 31, 2012			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
High	$17.83	$17.79	$15.45	$15.88

Low	14.18	13.55	12.81	13.93

For information on securities authorized for issuance under the Company's equity compensation plans, see "Item 12 - Security Ownership of Certain Beneficial Owners and Related Stockholder Matters."

Item 6. Selected Financial Data

The Consolidated Statements of Operations Data for each of the years in the five-year period ended December 31, 2013 and the Consolidated Balance Sheet Data as of December 31, 2013, 2012, 2011, 2010 and 2009 are derived from the Company's Consolidated Financial Statements, which have been audited by an independent registered public accounting firm. The results of the operations related to the recent Colomer Acquisition are included beginning on October 9, 2013. The results of the operations related to the Pure Ice and SinfulColors acquisitions are included beginning on July 2, 2012 and March 17, 2011, respectively. The Selected Consolidated Financial Data should be read in conjunction with the Company's Consolidated Financial Statements and the Notes to the Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Year Ended December 31, (in millions, except per share amounts)				
Statement of Operations Data:	2013[(a)]	2012[(b)]	2011[(c)]	2010[(d)]	2009[(e)]
Net sales	$1,494.7	$1,396.4	$1,347.5	$1,295.8	$1,272.5
Gross profit	949.6	902.6	866.3	848.5	805.3
Selling, general and administrative expenses	731.7	682.6	660.2	650.0	614.7
Acquisition and integration costs	25.4	—	—	—	—
Restructuring charges and other, net	3.5	20.5	—	(0.3)	21.2
Operating income	189.0	199.5	206.1	198.8	169.4
Interest expense	73.8	79.1	84.9	90.5	91.5
Interest expense - preferred stock dividend	5.0	6.5	6.4	6.4	1.5
Amortization of debt issuance costs	5.2	5.3	5.3	5.9	5.8
Loss on early extinguishment of debt, net	29.7	—	11.2	9.7	5.8
Foreign currency losses, net	3.7	2.8	4.7	6.4	8.9
Provision for (benefit from) income taxes	46.0	43.7	36.8	(247.2)	8.3
Income from continuing operations, net of taxes	24.6	61.2	55.2	325.9	47.1
(Loss) income from discontinued operations, net of taxes	(30.4)	(10.1)	(1.8)	1.4	1.7
Net (loss) income	(5.8)	51.1	53.4	327.3	48.8
Basic (loss) income per common share:					
Continuing operations	0.47	1.17	1.06	6.28	0.91
Discontinued operations	(0.58)	(0.19)	(0.04)	0.03	0.04
Net (loss) income	$(0.11)	$0.98	$1.02	$6.31	$0.95
Diluted (loss) income per common share:					
Continuing operations	0.47	1.17	1.06	6.23	0.91
Discontinued operations	(0.58)	(0.19)	(0.04)	0.03	0.03
Net (loss) income	$(0.11)	$0.98	$1.02	$6.26	$0.94
Weighted average number of common shares outstanding (in millions)[(f)]:					
Basic	52.4	52.3	52.2	51.9	51.6
Diluted	52.4	52.4	52.3	52.3	51.7

	Year Ended December 31, (in millions, except per share amounts)				
Balance Sheet Data:	2013[(a)]	2012[(b)]	2011[(c)]	2010[(d)]	2009[(e)]
Total current assets	$799.1	$541.2	$518.7	$476.1	$403.6
Total non-current assets	1,324.8	695.4	638.4	610.6	390.6
Total assets	$2,123.9	$1,236.6	$1,157.1	$1,086.7	$794.2
Total current liabilities[(g)]	$552.7	$453.1	$335.4	$318.5	$309.3
Redeemable preferred stock[(g)]	—	—	48.4	48.1	48.0
Total other non-current liabilities	2,167.7	1,432.8	1,466.2	1,416.5	1,470.5
Total liabilities	$2,720.4	$1,885.9	$1,850.0	$1,783.1	$1,827.8
Total indebtedness	$1,935.6	$1,220.7	$1,227.7	$1,219.1	$1,248.1
Total stockholders' deficiency	(596.5)	(649.3)	(692.9)	(696.4)	(1,033.6)

(a) Results for 2013 include: (1) a $29.7 million aggregate loss on the early extinguishment of debt primarily in connection with the 2013 Senior Notes Refinancing; (2) a $26.4 million gain from insurance proceeds due to the settlement of the Company's claims for business interruption and property losses as a result of the June 2011 fire at the Company's facility in Venezuela; (3) $25.4 million of acquisition and integration costs related to the Colomer Acquisition; and (4) $21.4 million in restructuring and related charges related to the December 2013 Program (as hereinafter defined), of which $20.0 million relates to the Company's exit of its business operations in China and is reflected in loss from discontinued operations, net of taxes for the year ended December 31, 2013. (See Note 3, “Restructuring Charges” and Note 4, "Discontinued Operations" to the Consolidated Financial Statements in this Form 10-K.)

(b) Results for 2012 include: (1) $24.1 million in restructuring and related charges recorded as a result of the September 2012 Program (See Note 3, “Restructuring Charges” of the Consolidated Financial Statements in this Form 10-K); and (2) an increase in net income driven by a non-cash benefit of $15.8 million related to the reduction of the Company’s deferred tax valuation allowance on its net deferred tax assets for certain jurisdictions in the U.S. at December 31, 2012, as a result of the Company’s improved earnings trends and cumulative taxable income in those jurisdictions, which is reflected in the provision for income taxes; and (3) an $8.9 million loss contingency recognized related to litigation associated with the Company’s 2009 Exchange Offer (see Note 20, "Commitments and Contingencies," to the Consolidated Financial Statements in this Form 10-K).

(c) Results for 2011 include: (1) an increase in net income driven by a non-cash benefit of $16.9 million related to the reduction of the Company’s deferred tax valuation allowance on its net deferred tax assets for certain jurisdictions outside the U.S. at December 31, 2011 as a result of the Company’s improved earnings trends and cumulative taxable income in those jurisdictions, which is reflected in the provision for income taxes; and (2) an $11.2 million loss on the early extinguishment of debt in connection with the 2011 Refinancings (as hereinafter defined) of Products Corporation’s 2010 Term Loan Facility and 2010 Revolving Credit Facility.

(d) Results for 2010 include: (1) an increase in net income driven by a non-cash benefit of $260.6 million related to the reduction of the Company’s deferred tax valuation allowance on its net U.S. deferred tax assets at December 31, 2010 as a result of the Company achieving three cumulative years, as well as its third consecutive year, of positive U.S. GAAP pre-tax income and taxable income in the U.S., and based upon the Company’s then current expectations as of December 31, 2010 for the realization of such deferred tax benefits in the U.S., which is reflected in the provision for income taxes; (2) a $9.7 million loss on the early extinguishment of debt in connection with the 2010 refinancing of the Company’s 2006 bank term loan facility and revolving credit facility; and (3) a $2.8 million one-time foreign currency loss related to the required re-measurement of the balance sheet of the Company’s subsidiary in Venezuela to reflect the impact of the devaluation of Venezuela’s local currency relative to the U.S. dollar, as Venezuela was designated as a highly inflationary economy effective January 1, 2010.

(e)

Results for 2009 include: (1) a $20.8 million charge related to the worldwide organizational restructuring announced in May 2009 (the “May 2009 Program”), which involved consolidating certain functions; reducing layers of management, where appropriate, to increase accountability and effectiveness; streamlining support functions to reflect the new organizational structure; and further consolidating the Company’s office facilities in New Jersey; and (2) a $5.8 million net loss on early extinguishment of debt in 2009 primarily due to a $13.5 million loss resulting from applicable redemption and tender premiums and the net write-off of unamortized debt discounts and deferred financing fees in connection with the complete refinancing of Products Corporation's 9½% Senior Notes in November 2009, partially offset by a $7.7 million gain on repurchases of an aggregate principal amount of $49.5 million of the 9½% Senior Notes prior to their complete refinancing in November 2009 at an aggregate purchase price of $41.0 million, which is net of the write-off of the ratable portion of unamortized debt discounts and deferred financing fees resulting from such repurchases.

(f) Represents the weighted average number of common shares outstanding for each of the respective periods.

(g) Total current liabilities in 2012 included $48.4 million related to the carrying amount of the Company’s Preferred Stock, which matured on October 8, 2013.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity and certain other factors that may affect our future results. Our MD&A is presented as follows:

- Overview;
- Operating Segments;
- Results of Operations;
- Financial Condition, Liquidity and Capital Resources;
- Disclosures about Contractual Obligations and Commercial Commitments;
- Off-Balance Sheet Transactions (there are none);
- Discussion of Critical Accounting Policies;
- Recent Accounting Pronouncements; and
- Inflation.

The Company (as defined below) is providing this overview in accordance with the SEC's December 2003 interpretive guidance regarding MD&A.

Overview

Overview of the Business

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, Consumer and 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.

For additional information regarding our business, see "Part 1, Item 1 - Business" in this Form 10-K.

Discontinued Operations Presentation

As a result of the Company's decision on December 30, 2013 to exit its business operations in China, effective December 31, 2013, the Company is reporting the results of its China operations within loss from discontinued operations, net of taxes in the Company's Consolidated Statements of Income and Comprehensive Income. Accordingly, prior year amounts have been restated to conform to this presentation. Unless otherwise stated, financial results discussed within "Overview" and "Results of Operations" refer to continuing operations. See Note 4, "Discontinued Operations" for further discussion.

Overview of Net Sales and Earnings Results

Consolidated net sales in 2013 were $1,494.7 million, an increase of $98.3 million, or 7.0%, compared to $1,396.4 million in 2012. Excluding the unfavorable impact of foreign currency fluctuations of $36.2 million, consolidated net sales increased $134.5 million, or 9.6%, in 2013, primarily driven by the inclusion of $116.8 million of net sales as a result of the Colomer Acquisition on October 9, 2013.

Consolidated income from continuing operations, net of taxes, in 2013 was $24.6 million, compared to $61.2 million in 2012. The decrease in consolidated income from continuing operations, net of taxes, in 2013, compared to 2012, was primarily due to:

- $49.1 million of higher selling general and administrative ("SG&A") expenses primarily driven by the inclusion of the SG&A expenses in the Professional segment as a result of the Colomer Acquisition, commencing on the Acquisition Date (as hereinafter defined), partially offset by a net favorable impact related to the settlement of the insurance claims and other related costs as a result of the June 2011 fire at the Company's Venezuela facility;

- a $29.7 million aggregate loss on the early extinguishment of debt recognized in 2013 primarily due to the 2013 Senior Notes Refinancing; and
- $25.4 million of acquisition and integration costs related to the Colomer Acquisition in October 2013;

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with the foregoing partially offset by:

- $47.0 million of higher gross profit due to a $98.3 million increase in consolidated net sales, partially offset by a $51.3 million increase in cost of sales in 2013; and
- $17.0 million of lower restructuring charges related to continuing operations incurred in 2013, as compared to 2012.

These items are discussed in more detail within "Results of Operations" below.

2013 Events

December 2013 Program

In December 2013, the Company announced restructuring actions that include exiting its 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 includes eliminating approximately 940 beauty advisors retained indirectly through a third-party agency. During 2013, the Company recorded charges totaling $21.4 million, of which (a) $20.0 million relates to the Company's exit of its business operations in China and is recorded in loss from discontinued operations, net of taxes; (b) $0.8 million is recorded in restructuring charges and other, net; (c) $0.3 million is recorded as a reduction to net sales; (d) $0.1 million is recorded in cost of goods sold; and (e) $0.2 million is recorded in SG&A expenses.

The Company expects to recognize approximately $1 million of additional charges in 2014 for a total of approximately $22 million in charges related to the December 2013 Program. The Company expects to pay cash of approximately $20 million related to the December 2013 Program, of which $0.1 million was paid in 2013 and the remainder is expected to be paid in 2014.

As a result of the December 2013 Program, the Company expects approximately $8 million of cost reductions to benefit 2014 and annualized cost reductions thereafter are expected to be approximately $11 million.

See Note 3, "Restructuring Charges" and Note 4, "Discontinued Operations" to the Consolidated Financial Statements in this Form 10-K.

Colomer Acquisition and Integration Program

On October 9, 2013 (the "Acquisition Date"), Products Corporation completed the Colomer Acquisition, consisting of its acquisition of The Colomer Group Participations, S.L. ("Colomer"), a Spanish company which primarily manufactures, markets and sells professional products in the professional channel to salons and distributors in the U.S. and internationally under brands such as Revlon Professional in hair color, hair care and hair treatments; CND in nail polishes and enhancements, including CND Shellac and CND Vinylux nail polishes; and American Crew men’s grooming products, pursuant to a share purchase agreement which Products Corporation entered into on August 3, 2013. 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. The Company has accounted for the Colomer Acquisition as a business combination in the fourth quarter of 2013 and Colomer's results of operations are included in the Company's Consolidated Financial Statements commencing on the Acquisition Date.

In January 2014, the Company announced that it was implementing the Integration Program, which includes 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. The Company expects to recognize total restructuring charges, capital expenditures and related non-restructuring costs under the Integration Program of approximately $45 million to $50 million in the aggregate over 2013 through 2015, and to achieve annualized cost reductions of approximately $30 million to $35 million by the end of 2015. Approximately $10 million to $15 million of these cost reductions are expected to benefit 2014 results.

For further discussion of the Colomer Acquisition and the Integration Program, see Note 2, "Business Combinations" and Note 24, "Subsequent Events - Integration Program" to the Consolidated Financial Statements in this Form 10-K.

Mandatory Redemption of Series A Preferred Stock

In October 2009, Revlon, Inc. consummated the 2009 Exchange Offer (as defined below) in which each issued and outstanding share of Revlon, Inc.'s Class A Common Stock was exchangeable on a one-for-one basis for a share of

Revlon, Inc. Series A Preferred Stock, par value $0.01 per share (the "Preferred Stock"). In this voluntary exchange offer transaction (the “2009 Exchange Offer"), Revlon, Inc. issued to stockholders (other than MacAndrews & Forbes and its affiliates) 9,336,905 shares of Preferred Stock in exchange for the same number of shares of Class A Common Stock exchanged by such stockholders in the 2009 Exchange

Offer. On October 8, 2013, Revlon, Inc. consummated the mandatory redemption of the Preferred Stock pursuant to such preferred stock's certificate of designation for $48.6 million, which represented the $5.21 liquidation preference for each of the previously-outstanding 9,336,905 shares of Preferred Stock.

2013 Debt Transactions

During 2013, Products Corporation completed several debt transactions in connection with the issuance of its 5¾% Senior Notes and Amended Credit Agreements. See "Part 1, Item 1 - Business" in this Form 10-K for a summary of these debt transactions and “Financial Condition, Liquidity and Capital Resources – Long-Term Debt Instruments” for further discussion of these debt transactions.

Venezuela Insurance Settlements

In January 2013, the Company received additional insurance proceeds of $3.4 million from its insurers in connection with the June 5, 2011 fire at the Company's facility in Venezuela. These additional proceeds relate to the settlement of the Company’s claim for the loss of inventory. The $3.4 million of proceeds were in addition to $3.7 million of insurance proceeds received in 2012 and $4.7 million received in 2011, for a total settlement amount of $11.8 million for the loss of inventory, of which $3.5 million was previously recognized as income from insurance recoveries in 2011. As a result of the final settlement of the claim for the loss of inventory, the Company recognized a gain from insurance proceeds of $8.3 million in the first quarter of 2013.

In June 2013, the Company settled its business interruption and property insurance claim in the amount of $32.0 million. The Company received $2.9 million of insurance proceeds in 2012 and $15.0 million of insurance proceeds in 2011 for its business interruption and property claim, and the remaining $14.1 million was received in July 2013. The Company previously recognized $13.9 million as income from insurance recoveries in 2011 and 2012. As a result of the final settlement of this business interruption and property claim, the Company recognized a gain from insurance proceeds of $18.1 million in the second quarter of 2013.

For further discussion, see Note 1, “Description of Business and Summary of Significant Accounting Policies – Other Events – Fire at Revlon Venezuela Facility,” to the Consolidated Financial Statements in this Form 10-K.

Operating Segments

Commencing on the Colomer Acquisition Date, the Company began operating in two segments, the Consumer segment and the Professional segment:

- The Consumer segment is comprised of the Company's consumer brands, which primarily include Revlon, Almay, SinfulColors and Pure Ice in color 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 in the U.S. and internationally, consisting of large mass volume retailers and chain drug and food stores in the U.S., as well as certain department stores and other specialty stores, such as perfumeries, outside the U.S.
- The Professional segment is comprised of the brands which the Company recently acquired in the Colomer Acquisition, which primarily 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 Professional segment also includes a skincare line sold in the mass retail channel, primarily in Spain, and a multi-cultural hair care line sold in the mass retail channel and in professional salons, primarily in the U.S. The Company’s principal customers for its professional products include hair and nail salons and distributors in the U.S. and internationally.

Results of Operations

In the tables, all amounts are in millions and numbers in parentheses ( ) denote unfavorable variances.

Consolidated Net Sales:

Consolidated net sales in 2013 were $1,494.7 million, an increase of $98.3 million, or 7.0%, compared to $1,396.4 million in 2012. Excluding the unfavorable impact of foreign currency fluctuations of $36.2 million, consolidated net sales increased $134.5 million, or 9.6%, in 2013, primarily driven by the inclusion of the net sales in the Professional segment as a result of the Colomer Acquisition, commencing on the Acquisition Date. See "Net Sales by Segment" below for further discussion.

Consolidated net sales in 2012, which consist of net sales only in the Consumer segment, were $1,396.4 million, an increase of $48.9 million, or 3.6%, compared to $1,347.5 million in 2011. Excluding the unfavorable impact of foreign currency fluctuations of $21.9 million, consolidated net sales increased by $70.8 million, or 5.3% in 2012, compared to 2011, primarily driven by higher net sales of Revlon color cosmetics, Revlon ColorSilk hair color and SinfulColors color cosmetics, as well as the inclusion of the net sales of Pure Ice color cosmetics beginning on its acquisition date in July 2012. These increases were partially offset by lower net sales of fragrances and other beauty care products.

Net Sales by Segment:

The following table is a comparative summary of the Company's net sales by operating segment for the years ended December 31, 2013, 2012 and 2011:

	Year Ended December 31,			Change	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
Consumer	$1,377.9	$1,396.4	$1,347.5	$(18.5)	$48.9
Professional	116.8	—	—	116.8	—
Total Net Sales	$1,494.7	$1,396.4	$1,347.5	$98.3	$48.9

Consumer Segment Net Sales

Total Consumer net sales in 2013 were $1,377.9 million, a decrease of $18.5 million, or 1.3%, compared to $1,396.4 million in 2012. Excluding the unfavorable impact of foreign currency fluctuations of $36.2 million, total Consumer net sales increased $17.7 million, or 1.3%, in 2013, compared to 2012, primarily driven by higher net sales of Revlon color cosmetics, SinfulColors color cosmetics, Revlon beauty tools and Revlon ColorSilk hair color, as well as the inclusion of the net sales of Pure Ice color cosmetics which began upon its acquisition in July 2012. The increases in net sales were partially offset by lower net sales of Almay color cosmetics. Consumer net sales in 2013 were unfavorably impacted by business conditions in Venezuela, see "Latin America and Canada" below for further discussion.

For a discussion of total Consumer net sales in 2012 compared to 2011, see "Consolidated Net Sales" above.

	Year Ended December 31,		Change		XFX Change [a]	
	2013	2012	$	%	$	%
United States	$800.4	$799.8	$0.6	0.1%	$0.6	0.1%
Asia Pacific	204.5	209.2	(4.7)	(2.2)%	9.1	4.3%
Europe, Middle East and Africa	180.2	184.4	(4.2)	(2.3)%	9.6	5.2%
Latin America and Canada	192.8	203.0	(10.2)	(5.0)%	(1.6)	(0.8)%
Total Net Sales	$1,377.9	$1,396.4	$(18.5)	(1.3)%	$17.7	1.3%

	Year Ended December 31,		Change		XFX Change [a]	
	2012	2011	$	%	$	%
United States	$799.8	$757.4	$42.4	5.6%	$42.4	5.6%
Asia Pacific	209.2	199.5	9.7	4.9%	9.3	4.7%
Europe, Middle East and Africa	184.4	208.7	(24.3)	(11.6)%	(8.9)	(4.3)%
Latin America and Canada	203.0	181.9	21.1	11.6%	28.0	15.4%
Total Net Sales	$1,396.4	$1,347.5	$48.9	3.6%	$70.8	5.3%

[a] XFX excludes the impact of foreign currency fluctuations.

United States

In the U.S., Consumer net sales in 2013 were essentially unchanged when compared to 2012, primarily driven by higher net sales of SinfulColors color cosmetics, Revlon beauty tools and Revlon ColorSilk hair color, as well as the inclusion of the net sales of Pure Ice color cosmetics which began upon its acquisition in July 2012, almost fully offset by lower net sales of Almay color cosmetics.

In the U.S., Consumer net sales in 2012 increased 5.6% to $799.8 million, compared to $757.4 million in 2011, primarily driven by the higher net sales of Revlon color cosmetics and SinfulColors color cosmetics, as well as the inclusion of the net sales of Pure Ice color cosmetics beginning upon its acquisition in July 2012, partially offset by lower net sales of Almay color

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cosmetics. Excluding the results of the recently acquired Pure Ice color cosmetics, Consumer net sales in the U.S. increased in 2012.

Asia Pacific

In Asia Pacific, Consumer net sales in 2013 decreased 2.2% to $204.5 million, compared to $209.2 million in 2012. Excluding the unfavorable impact of foreign currency fluctuations, Consumer net sales increased $9.1 million, or 4.3%, primarily driven by higher net sales of Revlon color cosmetics and SinfulColors color cosmetics, partially offset by lower net sales of other beauty care products. From a country perspective, Consumer net sales increased in Japan and Australia (which together contributed 6.0 percentage points to the increase in the region's net sales in 2013, as compared to 2012), partially offset by a decrease in Consumer net sales in Hong Kong (which offset by 1.8 percentage points the increase in the region's net sales in 2013, as compared to 2012).

In Asia Pacific, Consumer net sales in 2012 increased 4.9% to $209.2 million, compared to $199.5 million in 2011. Excluding the favorable impact of foreign currency fluctuations, Consumer net sales increased $9.3 million, or 4.7%, in 2012, primarily driven by higher net sales of Revlon color cosmetics. From a country perspective, Consumer net sales increased in Japan and certain distributor territories (which together contributed 4.8 percentage points to the increase in the region's net sales in 2012, as compared to 2011).

Europe, Middle East and Africa

In Europe, the Middle East and Africa, Consumer net sales in 2013 decreased 2.3% to $180.2 million, compared to $184.4 million in 2012. Excluding the unfavorable impact of foreign currency fluctuations, Consumer net sales increased $9.6 million, or 5.2%, primarily driven by higher net sales of Revlon color cosmetics, fragrances and SinfulColors color cosmetics. From a country perspective, Consumer net sales increased throughout most of the region (together contributing 6.4 percentage points to the increase in the region's net sales in 2013, as compared to 2012), with the exception of a decrease in the Consumer net sales in France (which offset by 1.2 percentage points the increase in the region's net sales in 2013, as compared to 2012).

In Europe, the Middle East and Africa, Consumer net sales in 2012 decreased 11.6% to $184.4 million, compared to $208.7 million in 2011. Excluding the unfavorable impact of foreign currency fluctuations, Consumer net sales decreased $8.9 million, or 4.3%, in 2012, primarily driven by lower net sales of fragrances and a higher returns accrual of $1.6 million recorded in 2012 related to the September 2012 Program. From a country perspective, Consumer net sales decreased in Italy, France and certain distributor territories (which together contributed 5.9 percentage points to the decrease in the region's net sales in 2012, as compared to 2011), partially offset by an increase in Consumer net sales in South Africa (which offset by 1.2 percentage points the decrease in the region's net sales in 2012, as compared to 2011). The decrease in the Consumer net sales in France and Italy was partially driven by the $1.6 million higher returns accrual noted above.

Latin America and Canada

In Latin America and Canada, Consumer net sales in the 2013 decreased 5.0% to $192.8 million, compared to $203.0 million in 2012. Excluding the unfavorable impact of foreign currency fluctuations, Consumer net sales decreased $1.6 million, or 0.8%, primarily driven by decreased Consumer net sales in Venezuela as a result of the negative impact of the business conditions, including currency restrictions, in the country (which contributed $12.7 million, or 6.2 percentage points, to the decrease in the region's net sales in 2013, as compared to 2012), partially offset by an increase in Consumer net sales in Argentina (which offset by 4.0 percentage points the decrease in the region's net sales in 2013, as compared to 2012). Consumer net sales in Argentina benefited from higher selling prices resulting from market conditions and inflation in that country. From a brand perspective, including the results of Venezuela, the decrease in net sales was primarily driven by lower net sales of Almay color cosmetics, partially offset by higher net sales of other beauty care products.

In Latin America and Canada, Consumer net sales in 2012 increased 11.6% to $203.0 million, compared to $181.9 million in 2011. Excluding the unfavorable impact of foreign currency fluctuations, Consumer net sales increased $28.0 million, or 15.4%, in 2012, primarily driven by higher net sales of Revlon color cosmetics, Revlon ColorSilk hair color and Almay color cosmetics. From a country perspective, Consumer net sales increased throughout the region. Venezuela's increase in Consumer net sales in 2012 was partially driven by the loss of sales during June through December 2011 as a result of the June 2011 fire which destroyed Revlon Venezuela's facility. Consumer net sales in Argentina and Venezuela also benefited from higher selling prices given market conditions and inflation in those countries, which accounted for approximately one-third of the $28.0 million increase in the region’s 2012 net sales.

Professional Segment Net Sales

Commencing on the Colomer Acquisition Date, the Company began operating in two segments, Consumer and Professional, as a result of the Colomer Acquisition. The Professional segment is comprised of the operations acquired by the Company in the Colomer Acquisition. Therefore, an analysis of net sales for the Professional segment in 2013 compared to 2012, or in 2012 compared to 2011, is not included in this Form 10-K as there are no comparable prior years' net sales for the Professional segment. Professional net sales were $116.8 million for 2013, which primarily include the worldwide net sales of CND products, including

CND Shellac, primarily in the U.S.; sales of Revlon Professional products primarily in Spain; sales of American Crew products primarily in the U.S.; and sales of other professional and retail brands. The Company is still evaluating how the Professional segment will be reviewed and reported from a geographic standpoint, and therefore, is not reporting net sales for the Professional segment by region.

Segment Profit:

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, including the impact of: (i) restructuring and related charges; (ii) shareholder litigation; (iii) insurance proceeds related to the 2011 fire that destroyed the Company's facility in Venezuela; (iv) clean-up costs associated with the Venezuela fire; (v) acquisition and integration costs; and (vi) costs of sales resulting from a fair value adjustment to inventory acquired in the Colomer Acquisition.

Unallocated corporate expenses primarily relate to 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 inter-segment sales.

For a reconciliation of segment profit to income from continuing operations before income taxes, see Note 23, "Segment Data and Related Information" to the Consolidated Financial Statements in this Form 10-K.

	Year Ended December 31,			Change	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
Segment Profit:					
Consumer	$347.1	$363.1	$323.4	$(16.0)	$39.7
Professional	5.2	—	—	5.2	—
Total	$352.3	$363.1	$323.4	$(10.8)	$39.7

Consumer Segment

Consumer segment profit in 2013 decreased $16.0 million or 4.4%, compared to $363.1 million in 2012, primarily driven by unfavorable foreign currency fluctuations of $15.1 million.

Consumer segment profit in 2012 increased $39.7 million or 12.3%, compared to $323.4 million in 2012, primarily driven by a $36.3 million increase in gross profit in 2012, as discussed below.

Professional Segment

Professional segment profit in 2013 is comprised of the operating results as a result of the Colomer Acquisition commencing on the Acquisition Date.

Gross profit:

	Year Ended December 31,			Change	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
Gross profit	$949.6	$902.6	$866.3	$47.0	$36.3
Percentage of net sales	63.5 %	64.6 %	64.3 %	(1.1)%	0.3 %

Gross profit increased $47.0 million in 2013, compared to 2012. As a percentage of net sales, gross profit decreased 1.1 percentage points in 2013, compared to 2012. The drivers of gross profit in 2013, compared to 2012 primarily included:

- the inclusion of gross profit from the October 2013 Colomer Acquisition, which increased gross profit by $70.7 million and reduced gross profit as a percentage of net sales by 0.3 percentage points;
- favorable volume, which increased gross profit by $22.6 million, with no impact on gross profit as a percentage of net sales; and
- lower manufacturing and freight costs, as a result of supply chain cost reduction initiatives and restructuring savings, which increased gross profit by $5.7 million and increased gross profit as a percentage of net sales by 0.4 percentage points;

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with the foregoing partially offset by:

- additional inventory costs as a result of the recognition of an increase in the fair value of inventory acquired in the Colomer Acquisition, which reduced gross profit by $8.5 million and reduced gross profit as a percentage of net sales by 0.6 percentage points;
- unfavorable foreign currency fluctuations, which reduced gross profit by $28.5 million and reduced gross profit as a percentage of net sales by 0.4 percentage points; and
- higher sales returns and markdowns, which reduced gross profit by $13.8 million and reduced gross profit as a percentage of net sales by 0.4 percentage points.

Gross profit increased $36.3 million in 2012, compared to 2011. As a percentage of net sales, gross profit decreased 0.3 percentage points in 2012, compared to 2011. The drivers of gross profit in 2012, compared to 2011 primarily included:

- favorable volume, which increased gross profit by $28.8 million, with no impact on gross profit as a percentage of net sales;
- lower allowances which increased gross profit by $19.7 million and increased gross profit as a percentage of net sales by 0.4 percentage points; and
- lower manufacturing costs, including materials and freight costs, as a result of supply chain cost reduction initiatives, which increased gross profit by $8.5 million and increased gross profit as a percentage of net sales by 0.6 percentage points;

with the foregoing partially offset by:

- unfavorable foreign currency fluctuations, which reduced gross profit by $13.7 million, with no impact on gross profit as a percentage of net sales;
- the impact of product mix, which reduced gross profit by $5.1 million and reduced gross profit as a percentage of net sales by 0.4 percentage points;
- higher costs related to inventory obsolescence, which reduced gross profit by $4.1 million and reduced gross profit as a percentage of net sales by 0.3 percentage points; and
- restructuring related charges recognized in connection with the September 2012 Program, which reduced gross profit by $2.8 million and reduced gross profit as a percentage of net sales by 0.2 percentage points.

SG&A expenses:

	Year Ended December 31,			Change	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
SG&A expenses	$731.7	$682.6	$660.2	$(49.1)	$(22.4)

SG&A expenses increased $49.1 million in 2013, as compared to 2012, primarily driven by:

- the inclusion of SG&A expenses in the Professional segment as a result of the Colomer Acquisition, commencing on the Acquisition Date, which contributed $74.8 million to the increase in SG&A expenses; and
- $5.1 million of increased permanent display amortization costs;

with the foregoing partially offset by:

- a net decrease of $16.0 million related to the fire that destroyed the Company's facility in Venezuela in June 2011, comprised of:

a $26.4 million gain from insurance proceeds recognized in 2013 as a result of the settlement of the Company's insurance claims for the loss of inventory, business interruption losses and property losses;

partially offset by: (i) an accrual of $7.6 million for estimated clean-up costs related to the destroyed facility in Venezuela, which was recognized in 2013; and (ii) $2.8 million of income from insurance proceeds recognized in 2012 related to business interruption losses incurred.

See Note 1, "Description of Business and Summary of Significant Accounting Policies – Other Events – Fire at Revlon Venezuela Facility," to the Consolidated Financial Statements in this Form 10-K;

- $14.4 million of favorable impact of foreign currency fluctuations; and

- $8.6 million of lower general and administrative expenses primarily due to: (i) the impact of the $8.9 million litigation loss contingency recognized in 2012 that did not recur in 2013; and (ii) $1.8 million of insurance proceeds recognized in 2013 related to such litigation (see Note 20, "Commitments and Contingencies" to the Consolidated Financial Statements in this Form 10-K for further discussion);

Included in SG&A expenses for 2013 is higher incentive compensation expense related to a modification to the structure of the Company's long-term incentive plan during 2013 to better align the plan with the Company's long-term performance. While the new structure does not change the amount of the employees' potential annual incentive award, the transition resulted in higher expense of $4.5 million in 2013 as compared to 2012.

The $22.4 million increase in SG&A expenses for 2012, as compared to 2011, was driven primarily by:

- $18.6 million of higher general and administrative expenses, principally due to the impact of the $8.9 million litigation loss contingency recognized in 2012 (see Note 20, “Commitments and Contingencies” to the Consolidated Financial Statements in this Form 10-K for further discussion), higher insurance expense and higher compensation expense; and
- $6.9 million lower benefit from insurance proceeds related to the Venezuela fire recognized in SG&A expenses in 2012, as compared to 2011;

with the foregoing partially offset by:

- $9.4 million of favorable impact of foreign currency fluctuations.

Acquisition and Integration Costs:

	Year Ended December 31,			Change	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
Acquisition and integration costs	$25.4	$—	$—	$(25.4)	$—

The $25.4 million in acquisition and integration costs for 2013 consists of $12.9 million of acquisition costs and $12.5 million of integration costs related to the Colomer Acquisition. The acquisition costs primarily include legal and consulting fees directly attributable to completing 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 2013 primarily include an impairment of in-progress capitalized software development costs and employee-related costs related to management changes.

Restructuring charges and other, net:

	Year Ended December 31,			Change	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
Restructuring charges and other, net	$3.5	$20.5	$—	$17.0	$(20.5)

December 2013 Program

On December 30, 2013, the Company recorded charges totaling $21.4 million related to the December 2013 Program that include exiting its business operations in China, as well as implementing other immaterial restructuring actions that are expected to generate other operating efficiencies. Of the $21.4 million charge: (a) $20.0 million relates to the Company's exit of its business operations in China and is recorded in loss from discontinued operations, net of taxes; (b) $0.8 million is recorded in restructuring charges and other, net; (c) $0.3 million is recorded as a reduction to net sales; (d) $0.1 million is recorded in cost of goods sold; and (e) $0.2 million is recorded in SG&A expenses.

September 2012 Program

During 2012, the Company recorded charges totaling $24.1 million related to a worldwide 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, including consolidating Latin America and Canada into a single operating region, which became effective in the fourth quarter of 2012. Of the $24.1 million charge: (a) $20.7 million was recorded in restructuring charges and other, net; (b) $1.6 million was recorded as a reduction to net sales; (c) $1.2 million was recorded in cost of goods sold; and (d) $0.6 million was recorded in SG&A expenses.

During 2013, the Company recorded net charges of $3.1 million related to the September 2012 Program primarily due to $5.6 million of additional charges as a result of changes in estimates related to severance and other termination benefits, partially offset by a $2.5 million gain related to the July 2013 sale of the Company's manufacturing facility in France. Of the $3.1 million net charge, (a) $2.7 million is recorded in restructuring charges and other, net; (b) $0.2 million is recorded in cost of sales; and (c) $0.2 million is recorded in SG&A expenses.

The Company has recognized cumulative charges of $27.2 million in 2012 and 2013 related to the September 2012 Program.

The Company expects total net cash payments to be $25 million related to the September 2012 Program, of which $3.8 million was paid in 2012, $17.3 million was paid in 2013 and the remainder is expected to be paid in 2014. The total expected net cash payments of approximately $25 million include the cash proceeds of $2.7 million received in the third quarter of 2013 related to the sale of the Company's manufacturing facility in France.

The Company benefited from approximately $7 million of cost reductions in 2013 from the September 2012 Program and annualized cost reductions thereafter are expected to be approximately $10 million.

For further discussion of the December 2013 Program and September 2012 Program, see Note 3, “Restructuring Charges,” to the Consolidated Financial Statements in this Form 10-K.

Interest expense:

	Year Ended December 31,			Change	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
Interest expense	$73.8	$79.1	$84.9	$5.3	$5.8
Interest expense – preferred stock dividends	5.0	6.5	6.4	1.5	(0.1)

The $5.3 million decrease in interest expense in 2013, as compared to the prior year periods, was primarily due to lower weighted-average borrowing rates as a result of the 2013 Senior Notes Refinancing and the February 2013 Term Loan Amendments, partially offset by higher average debt primarily due to the Acquisition Term Loan. Refer to “Financial Condition, Liquidity and Capital Resources – Long-Term Debt Instruments” for further discussion.

The $5.8 million decrease in interest expense for 2012, as compared to 2011, was primarily due to lower weighted average borrowing rates as a result of the 2011 Term Loan Facility Refinancing (as hereinafter defined).

In accordance with the terms of the certificate of designation of the Revlon, Inc. Preferred Stock, prior to the mandatory redemption of such stock in October 2013, during 2013, 2012 and 2011, Revlon, Inc. recognized $5.0 million, $6.5 million and $6.4 million, respectively, of interest expense related to the regular quarterly dividends on the Preferred Stock. The decrease in the preferred stock dividends in 2013, compared to 2012, was driven by the mandatory redemption of the Preferred Stock in October 2013. See "Overview - 2013 Events - Mandatory Redemption of Preferred Stock."

Loss on early extinguishment of debt:

	Year Ended December 31,			Change	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
Loss on early extinguishment of debt	$29.7	$—	$11.2	$(29.7)	$11.2

The Company recognized an aggregate loss on the early extinguishment of debt of $29.7 million during 2013, primarily due to $20.4 million of fees and expenses which were expensed as incurred in connection with the 2013 Senior Notes Refinancing, February 2013 Term Loan Amendments and August 2013 Term Loan Amendments as well as the write-off of $9.3 million of unamortized debt discount and deferred financing fees as a result of the 2013 Senior Notes Refinancing and February 2013 Term Loan Amendments. Refer to “Financial Condition, Liquidity and Capital Resources – Long-Term Debt Instruments” for further discussion.

As a result of the 2011 Refinancings (as hereinafter defined), the Company recognized a loss on the early extinguishment of debt of $11.2 million during 2011, due to $1.7 million of fees which were expensed as incurred in connection with the 2011 Refinancings, as well as the write-off of $9.5 million of unamortized debt discount and deferred financing fees as a result of such refinancings.

Foreign currency losses, net:

	Year Ended December 31,			Change	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
Foreign currency losses, net	$3.7	$2.8	$4.7	$(0.9)	$1.9

The increase in foreign currency losses net, of $0.9 million during 2013, as compared to 2012, was primarily driven by:

- the unfavorable impact of the revaluation of certain foreign currency denominated intercompany receivables and U.S. dollar denominated payables from the Company's foreign subsidiaries during 2013 as compared to 2012; and
- a $0.6 million foreign currency loss related to the required re-measurement of the balance sheet of the Company's subsidiary in Venezuela (Revlon Venezuela) during the first quarter of 2013 to reflect the impact of the devaluation of Venezuela's local currency relative to the U.S. Dollar. See "Financial Condition, Liquidity, and Capital Resources – Impact of Foreign Currency Translation - Venezuela" for further discussion. As Venezuela was designated as a highly inflationary economy effective January 1, 2010, this foreign currency loss was reflected in earnings;

with the foregoing partially offset by:

- a $2.2 million foreign currency gain for 2013 compared to a $1.9 million foreign currency loss for 2012 related to the Company's foreign currency forward exchange contracts ("FX Contracts").

The decrease in foreign currency losses, net of $1.9 million during 2012, as compared to 2011, was primarily driven by:

- lower losses as a result of the revaluation of certain U.S. Dollar denominated intercompany payables and foreign currency denominated intercompany receivables from the Company's foreign subsidiaries during 2012 as compared to 2011; and
- a foreign currency loss of $1.7 million recorded in 2011 related to the re-measurement of Revlon Venezuela's balance sheet that did not recur in 2012. See "Financial Condition, Liquidity and Capital Resources - Impact of Foreign Currency Translation - Venezuela" for further discussion;

with the foregoing partially offset by:

- $0.8 million of higher foreign currency losses related to the Company's FX Contracts during 2012 compared to 2011.

Provision for income taxes:

	Year Ended December 31,			Change	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
Provision for income taxes	$46.0	$43.7	$36.8	$(2.3)	$(6.9)

The provision for income taxes increased $2.3 million in 2013, as compared to 2012 primarily due to a non-cash benefit of $15.8 million in 2012 related to the reduction of the Company's deferred tax valuation allowance on certain of its net deferred tax assets for certain jurisdictions within the U.S. at December 31, 2012 as a result of the Company's improved earnings trends and cumulative taxable income in those jurisdictions. Excluding the non-cash benefit in 2012, the provision for income taxes in 2013 was lower than 2012 primarily due to lower pre-tax income and the favorable resolution of tax matters in a foreign jurisdiction in 2013, partially offset by certain favorable discrete items that benefited 2012 that did not recur in 2013 and state and local taxes, net of U.S. federal income tax benefits.

As discussed above, the provision for income taxes in 2012 included a non-cash benefit of $15.8 million. The provision for income taxes in 2011 included a non-cash benefit of $16.9 million recorded in 2011 related to the reduction of the Company's deferred tax valuation allowance on its net deferred tax assets for certain jurisdictions outside the U.S. at December 31, 2011 as a result of the Company's improved earnings trends and cumulative taxable income in those jurisdictions. Excluding the 2012 and 2011 non-cash benefits, the provision for income taxes in 2012 was higher than 2011 primarily due to increased pre-tax income, partially offset by various discrete items, including the favorable resolution of tax matters in certain foreign jurisdictions.

The Company's effective tax rate for the year ended December 31, 2013 was higher than the federal statutory rate of 35% due principally to: (a) foreign dividends and earnings taxable in the U.S.; and (b) state and local taxes, net of U.S. federal income tax benefits, partially offset by foreign and U.S. tax effects attributable to operations outside the U.S.

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The effective tax rate for 2012 was higher than the federal statutory rate of 35% due principally to: (a) foreign dividends and earnings taxable in the U.S.; and (b) the impact of certain expenses for which there is no tax benefit recognized, primarily related to the September 2012 Program and the litigation loss contingency recorded during 2012 (see Note 3, “Restructuring Charges” and Note 20, “Commitments and Contingencies” to the Consolidated Financial Statements in this Form 10-K), partially offset by the effect of the $15.8 million reduction of the deferred tax valuation allowance described above.

In assessing the recoverability of its deferred tax assets, management regularly considers whether some portion or all of the deferred tax assets will not be realized based on the recognition threshold and measurement of a tax position. The ultimate realization of deferred tax assets is generally dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

Based on the level of historical losses for certain jurisdictions within the U.S., the Company had maintained a deferred tax valuation allowance against certain of its deferred tax assets. As of December 31, 2012, the Company had experienced improved earnings trends and had cumulative taxable income in such jurisdictions. As a result of such earnings trends and the Company’s tax position, and based upon the Company’s projections for future taxable income over the periods in which the deferred tax assets are recoverable, management concluded that it was more likely than not that the Company would realize the benefits of certain of its net deferred tax assets existing at December 31, 2012 in those jurisdictions. Therefore, at December 31, 2012, the Company realized a non-cash benefit of $15.8 million related to a reduction of the Company’s deferred tax valuation allowance on certain of its net deferred tax assets for certain jurisdictions within the U.S. The Company reflected this benefit in the tax provision and this non-cash benefit increased net income at December 31, 2012.

Based upon the level of historical taxable losses for certain jurisdictions outside the U.S., the Company had maintained a deferred tax valuation allowance against its deferred tax assets. As of December 31, 2011, the Company experienced improved earnings trends and had cumulative taxable income in such jurisdictions. As a result of such earnings trends and the Company’s tax position, and based upon the Company’s projections for future taxable income over the periods in which the deferred tax assets are recoverable, management concluded that it was more likely than not that the Company would realize the benefits of the net deferred tax assets existing at December 31, 2011 in those jurisdictions. Therefore, at December 31, 2011, the Company realized a non-cash benefit of $16.9 million related to a reduction of the Company’s deferred tax valuation allowance on its net deferred tax assets for certain jurisdictions outside the U.S. The Company reflected this benefit in the tax provision and this non-cash benefit increased the Company’s net income at December 31, 2011.

See Note 14, “Income Taxes,” to the Consolidated Financial Statements in this Form 10-K for further discussion of the above.

Loss From Discontinued Operations, Net of Taxes:

	Year Ended December 31,			Change	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
Loss from discontinued operations, net of taxes	$(30.4)	$(10.1)	$(1.8)	$(20.3)	$(8.3)

Discontinued operations consist of the Company's operations in China within the Consumer segment. The increase in loss from discontinued operations, net of taxes in 2013 compared to 2012 was primarily driven by $20.0 million of restructuring and related charges as a result of the December 2013 Program. The increase in loss from discontinued operations, net of taxes, in 2012 compared to 2011 was primarily driven by decreasing net sales, as well as increasing compensation costs in 2012. See Note 3, "Restructuring Charges" and Note 4, "Discontinued Operations" to the Consolidated Financial Statements in this Form 10-K for further discussion.

Financial Condition, Liquidity and Capital Resources

At December 31, 2013, the Company had a liquidity position of $384.7 million, consisting of unrestricted cash and cash equivalents (net of any outstanding checks) of $234.5 million, as well as $150.2 million in available borrowings under the Amended Revolving Credit Facility based upon the borrowing base less $9.8 million of undrawn outstanding letters of credit and nil then drawn under the Amended Revolving Credit Facility at such date. As a result of the Colomer U.S. Subsidiaries becoming additional guarantors under Products Corporation's Amended Revolving Credit Facility in January 2014, substantially all of their assets were pledged as collateral under Products Corporation's Amended Term Loan Facility and Amended Revolving Credit Facility. As of January 23, 2014, the available borrowings under the Amended Revolving Credit Facility were $165.2 million, based upon the borrowing base less $9.8 million of undrawn letters of credit and nil then drawn under the Amended Revolving Credit Facility at such date.

Changes in Cash Flows

At December 31, 2013, the Company had cash and cash equivalents of $244.1 million, compared with $116.3 million at December 31, 2012. The following table summarizes the Company's cash flows from operating, investing and financing activities for 2013, 2012 and 2011:

	Year Ended December 31,		
	2013	2012	2011
Net cash provided by operating activities	$123.3	$104.1	$88.0
Net cash used in investing activities	(639.4)	(86.3)	(52.6)
Net cash provided by (used in) financing activities	649.0	(3.4)	(7.5)
Effect of exchange rate changes on cash and cash equivalents	(5.1)	0.2	(2.9)

Operating Activities

Net cash provided by operating activities was $123.3 million, $104.1 million and $88.0 million for 2013, 2012 and 2011, respectively. As compared to 2012, cash provided by operating activities in 2013 was impacted by favorable changes in working capital, partially due to cash provided by operating activities from the Professional segment, lower pension contributions and lower premium payments related to certain of the Company's multi-year insurance programs; partially offset by higher restructuring payments primarily related to the September 2012 Program, payment of acquisition and integration costs related to the Colomer Acquisition and an $8.9 million payment related to settling litigation arising out of the Company's 2009 Exchange Offer. As compared to 2011, cash provided by operating activities in 2012 was impacted by favorable changes in working capital and lower cash interest paid, partially offset by the renewal and partial pre-payment of certain of the Company's multi-year insurance programs.

Net cash (used in) provided by operating activities related to discontinued operations was approximately $(10) million in both 2013 and 2012, and was approximately $1 million in 2011.

Investing Activities

Net cash used in investing activities was $639.4 million, $86.3 million and $52.6 million for 2013, 2012 and 2011, respectively.

Net cash used in investing activities 2013 included:

- a cash payment of $664.5 million for the Colomer Acquisition, offset by $36.9 million of cash and cash equivalents acquired, for a net cash position of $627.6 million; and
- $28.6 million of cash used for capital expenditures;

with the foregoing partially offset by:

- $13.1 million of insurance proceeds received in July 2013 for the Company's property claim related to the June 2011 fire at the Company's facility in Venezuela.

Net cash used in investing activities 2012 included:

- a cash payment of $66.2 million in July 2012 to acquire certain assets, including trademarks and other intellectual property related to Pure Ice nail enamel and Bon Bons cosmetics brands (the "Pure Ice Acquisition"); and
- $20.9 million of cash used for capital expenditures.

Net cash used in investing activities for 2011 included:

- a cash payment of $39.0 million for the SinfulColors Acquisition (as hereinafter defined). On March 17, 2011, the Company acquired certain assets, including trademarks and other intellectual property, inventory, certain receivables and manufacturing equipment, related to SinfulColors cosmetics, Wild and Crazy cosmetics, freshMinerals cosmetics and freshcover cosmetics (the "SinfulColors Acquisition"); and
- $13.9 million used for capital expenditures.

Financing Activities

Net cash provided by (used in) financing activities was $649.0 million, $(3.4) million and $(7.5) million for 2013, 2012 and 2011, respectively.

Net cash provided by financing activities for 2013 included:

- Cash proceeds received in connection with the Acquisition Term Loan, in the aggregate principal amount of $700.0 million, or $698.3 million, net of discounts; and
- Products Corporation's issuance of the $500.0 million aggregate principal amount of the 5¾% Senior Notes at par;

with the foregoing partially offset by:

- the repayment and redemption of all of the $330.0 million aggregate principal amount outstanding of the 9¾% Senior Secured Notes in connection with the 2013 Senior Notes Refinancing;
- the repayment of $113.0 million in principal on the 2011 Term Loan Facility in connection with the consummation of the February 2013 Term Loan Amendments; and
- the payment of $48.8 million of financing costs comprised of: (i) $17.5 million of redemption and tender offer premiums, as well as fees and expenses related to the repayment and redemption of all of the $330.0 million aggregate principal amount outstanding of the 9¾% Senior Secured Notes; (ii) $10.2 million of underwriters' fees and other fees in connection with the issuance of the 5¾% Senior Notes; (iii) $1.2 million of fees incurred in connection with the February 2013 Term Loan Amendments; (iv) $3.5 million of fees incurred in connection with the August 2013 Term Loan Amendments; (v) $15.9 million of fees incurred in connection with the Incremental Amendment; and (vi) $0.5 million of fees incurred in connection with the 2013 Revolver Amendments.

Net cash used in financing activities for 2012 included:

- an aggregate $8.0 million of scheduled amortization payments of principal on the 2011 Term Loan Facility in 2012;

with the foregoing partially offset by:

- a $6.3 million increase in short term borrowings and overdraft.

Net cash used in financing activities for 2011 included:

- payment of the $4.3 million of fees incurred in connection with the 2011 Refinancings; and
- an aggregate $4.0 million of scheduled amortization payments of principal on the 2011 Term Loan Facility in 2011;

with the foregoing partially offset by:

- cash provided by Products Corporation's issuance of the $800.0 million aggregate principal amount of the 2011 Term Loan Facility, or $796.0 million, net of discounts, partially offset by cash used for the repayment of $794.0 million remaining aggregate principal amount of Products Corporation's 2010 Term Loan Facility.

Long-Term Debt Instruments

(a) Recent Debt Transactions

The Company completed several debt transactions during 2013, 2012 and 2011:

2013 Debt Transactions

Term Loan and Revolving Credit Facility Amendments

(i) February 2013 Term Loan Amendments

In February 2013, Products Corporation consummated the February 2013 Term Loan Amendments to its 2011 Term Loan Agreement for its 2011 Term Loan among Products Corporation, as borrower, a syndicate of lenders and Citicorp, USA, Inc. ("CUSA"), as administrative agent and collateral agent.

Pursuant to the February 2013 Term Loan Amendments, Products Corporation reduced the total aggregate principal amount outstanding under the 2011 Term Loan from $788.0 million to $675.0 million, using a portion of the proceeds from Products Corporation's issuance of its 5¾% Senior Notes (see "2013 Senior Notes Refinancing" below), together with cash on hand. The February 2013 Term Loan Amendments also reduced the interest rates on the 2011 Term Loan such that Eurodollar Loans bear interest at the Eurodollar Rate plus 3.00% per annum, with the Eurodollar Rate not to be less than 1.00% (compared to 3.50% and 1.25%, respectively, prior to the February 2013 Term Loan Amendments), while Alternate Base Rate Loans bear interest at the Alternate Base Rate plus 2.00%, with the Alternate Base Rate not to be less than 2.00% (compared to 2.50% and 2.25%, respectively, prior to the February 2013 Term Loan Amendments) (and as each such term is defined in the 2011 Term Loan Agreement). For discussion of the February 2014 Term Loan Amendment, refer to "Amended Credit Agreements - Amended Term Loan Facility" below.

Pursuant to the February 2013 Term Loan Amendments, Products Corporation, under certain circumstances, also has the right to request the 2011 Term Loan be increased by up to the greater of (i) $300 million and (ii) an amount such that Products Corporation's

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First Lien Secured Leverage Ratio (as defined in the 2011 Term Loan Agreement) does not exceed 3.50:1.00 (compared to $300 million prior to the February 2013 Term Loan Amendments), provided that the lenders are not committed to provide any such increase. Any such increase would be in addition to the Acquisition Term Loan.

For the year ended December 31, 2013, the Company incurred approximately $1.2 million of fees and expenses in connection with the February 2013 Term Loan Amendments, of which, $0.2 million was capitalized. The Company expensed the remaining $1.0 million of fees and expenses and wrote-off $1.5 million of unamortized debt discount and deferred financing costs. These amounts, totaling $2.5 million, were recognized within loss on early extinguishment of debt in the Company’s Consolidated Statements of Operations and Comprehensive Income for the year ended December 31, 2013.

For further discussion of the 2011 Term Loan, refer to “Amended Credit Agreements” below.

(ii) August 2013 Term Loan Amendments

In August 2013, in connection with the Colomer Acquisition, Products Corporation consummated the August 2013 Term Loan Amendments to its 2011 Term Loan Agreement, which permitted, among other things: (i) Products Corporation's consummation of the Colomer Acquisition; and (ii) Products Corporation's incurring up to $700 million of term loans to use as a source of funds to consummate the Colomer Acquisition and pay related fees and expenses.

For the year ended December 31, 2013, the Company incurred approximately $3.6 million of fees and expenses in connection with the August 2013 Term Loan Amendments. The Company capitalized $1.8 million of fees and expenses, which are being amortized over the remaining term of the 2011 Term Loan using the effective interest method. The remaining $1.8 million of fees and expenses were expensed as incurred within loss on early extinguishment of debt in the Company’s Consolidated Statements of Operations and Comprehensive Income for the year ended December 31, 2013.

For further discussion of the 2011 Term Loan, refer to “Amended Credit Agreements” below.

(iii) Incremental Amendment

In August 2013, in connection with the Colomer Acquisition, Products Corporation entered into the Incremental Amendment resulting in the Amended Term Loan Agreement with the Initial Acquisition Lenders and CUSA, as administrative agent and collateral agent pursuant to which the Initial Acquisition Lenders committed to provide up to $700 million of term loans under the Amended Term Loan Agreement. The Acquisition Term Loan was issued on October 8, 2013 and the net proceeds of $698.3 million was used as a source of funds to consummate the Colomer Acquisition and pay related fees and expenses.

For the year ended December 31, 2013, the Company incurred approximately $16.0 million of fees and expenses in connection with the Acquisition Term Loan. Such fees were capitalized and are being amortized over the term of the Acquisition Term Loan using the effective interest method.

For further discussion of the Acquisition Term Loan, refer to “Amended Credit Agreements” below.

(iv) Amended Revolving Credit Facility

In August 2013, in connection with the Colomer Acquisition, Products Corporation consummated the August 2013 Revolver Amendment to its third amended and restated revolving credit agreement dated June 16, 2011 (the "2011 Revolving Credit Agreement"), which amended its $140.0 million asset-backed, multi-currency revolving credit facility (the "2011 Revolving Credit Facility") to permit, among other things: (a) Products Corporation's consummation of the Colomer Acquisition; and (b) Products Corporation's incurring up to $700 million of the Acquisition Term Loan that Products Corporation used as a source of funds to consummate the Colomer Acquisition. Additionally, the August 2013 Revolver Amendment (1) reduced Products Corporation's interest rate spread over the LIBOR rate applicable to Eurodollar Loans under the facility from a range, based on availability, of 2.00% to 2.50%, to a range of 1.50% to 2.00%; (2) reduced the commitment fee on unused availability under the facility from 0.375% to 0.25%; and (3) extended the maturity of the facility, which was previously