

REVLON INC /DE/

Form 8-K

June 16, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report: June 16, 2011

(Date of earliest event reported: June 16, 2011)

Revlon, Inc.

(Exact Name of Registrant as Specified in its Charter)

| | | |
|---|-----------------------------|---|
| Delaware | 1-11178 | 13-3662955 |
| (State or Other Jurisdiction of Incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

237 Park Avenue

| | |
|--|---------------|
| New York, New York | 10017 |
| (Address of Principal Executive Offices) | (Zip Code) |

(212) 527-4000

(Registrant's telephone number, including area code)

None

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

The purpose of this item is to disclose certain information regarding the principal terms and conditions of the bank revolving credit agreement refinancing that Revlon Consumer Products Corporation (“RCPC” or “Products Corporation”), the wholly owned operating subsidiary of Revlon, Inc. (“Revlon” and, together with RCPC, the “Company”), consummated on June 16, 2011 (the “2011 Revolver Refinancing”).

As part of the Company's strategy to continue to improve its capital structure, the 2011 Revolver Refinancing, among other things, reduced RCPC's interest rates. Under its amended and restated \$140 million revolving credit facility (the “2011 Revolving Credit Facility”), on Eurodollar Loans the interest rate spread over the LIBOR rate was reduced from a 3.00% flat rate under RCPC's prior revolving credit facility to a range of 2.00% to 2.50%, based on availability under the 2011 Revolving Credit Facility, with the initial interest rate expected to be 2.00%. Also, under the 2011 Revolving Credit Facility, the commitment fee on unused revolver availability was reduced from 0.75% to 0.375% on the unused amount of the revolver. Further, the maturity of RCPC's prior revolving credit facility was extended to June 2016 (it was previously scheduled to mature in March 2014).

Additional existing terms in RCPC's prior revolving credit facility were modified under the 2011 Revolving Credit Facility to conform to the recent amendments to RCPC's 2011 Term Loan Facility, which, as previously disclosed, was refinanced in May 2011.

As part of this refinancing, RCPC's prior revolving credit facility, which had \$15.0 million aggregate principal amount outstanding, plus \$21.3 million of outstanding undrawn letters of credit, at May 31, 2011, was refinanced with the new \$140 million 2011 Revolving Credit Facility under a third amended and restated revolving credit agreement dated as of June 16, 2011 (the “2011 Revolving Credit Agreement”), among RCPC and certain of its foreign subsidiaries, as borrowers, and Citigroup Global Markets Inc. (“CGMI”) and Wells Fargo Capital Finance, LLC (“WFCF”) as the joint lead arrangers; CGMI, WFCF, Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC and Credit Suisse Securities (USA) LLC as joint bookrunners; and Citicorp USA, Inc. as administrative agent and collateral agent.

The 2011 Revolving Credit Facility continues to be guaranteed and secured by the same collateral package and guarantees that secured the prior revolving credit facility, including being supported by, among other things, guarantees from Revlon, Inc. and, subject to certain limited exceptions, RCPC’s domestic subsidiaries.

The following is a summary description of the 2011 Revolving Credit Facility. Investors should refer to the principal refinancing agreements (copies of which the Company intends to file as exhibits to a Current Report on Form 8-K subsequent to this filing) for complete terms and conditions. Unless otherwise indicated, capitalized terms have the meanings given to them in the 2011 Revolving Credit Agreement.

2011 Revolving Credit Facility

Availability under the 2011 Revolving Credit Facility varies based on a borrowing base that is determined by the value of eligible accounts receivable and eligible inventory in the U.S. and the U.K. and eligible real property and equipment in the U.S. from time to time.

In each case subject to borrowing base availability, the 2011 Revolving Credit Facility is available to:

- (i) Products Corporation in revolving credit loans denominated in U.S. dollars;
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- (ii) Products Corporation in swing line loans denominated in U.S. dollars up to \$30.0 million;
- (iii) Products Corporation in standby and commercial letters of credit denominated in U.S. dollars and other currencies up to \$60.0 million; and
- (iv) Products Corporation and certain of its international subsidiaries designated from time to time in revolving credit loans and bankers' acceptances denominated in U.S. dollars and other currencies.

If the value of the eligible assets is not sufficient to support the \$140.0 million borrowing base under the 2011 Revolving Credit Facility, Products Corporation will not have full access to the 2011 Revolving Credit Facility. Products Corporation's ability to make borrowings under the 2011 Revolving Credit Facility is also conditioned upon the satisfaction of certain conditions precedent and Products Corporation's compliance with other covenants in the 2011 Revolving Credit Agreement.

Under the 2011 Revolving Credit Facility borrowings (other than loans in foreign currencies) bear interest, if made as Eurodollar Loans, at the Eurodollar Rate, plus the applicable margin set forth in the grid below and, if made as Alternate Base Rate loans at the Alternate Base Rate, plus the applicable margin set forth in the grid below:

| EXCESS AVAILABILITY | ALTERNATE BASE RATE LOANS | EURODOLLAR LOANS, EURO CURRENCY LOANS OR LOCAL RATE LOANS |
|--|----------------------------------|--|
| Greater than or equal to \$92,000,000 | 1.00% | 2.00% |
| Less than \$92,000,000 but greater than or equal to \$46,000,000 | 1.25% | 2.25% |
| Less than \$46,000,000 | 1.50% | 2.50% |

Local Loans (as defined in the 2011 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.

Prior to the termination date of the 2011 Revolving Credit Facility, revolving loans are required to be prepaid (without any permanent reduction in commitment) with:

- (i) the net cash proceeds from sales of Revolving Credit First Lien Collateral (as defined below) by Products Corporation or any of its subsidiary guarantors (other than dispositions in the ordinary course of business and certain other exceptions); and
- (ii) the net proceeds from the issuance by Products Corporation or any of its subsidiaries of certain additional debt, to the extent there remains any such proceeds after satisfying Products Corporation's repayment obligations under the 2011 Term Loan Facility.

Products Corporation pays to the lenders under the 2011 Revolving Credit Facility a commitment fee of 0.375% of the average daily unused portion of the 2011 Revolving Credit Facility, which fee is payable quarterly in arrears. Under the 2011 Revolving Credit Facility, Products Corporation also pays:

- (i) to foreign lenders a fronting fee of 0.25% per annum on the aggregate principal amount of specified Local Loans (which fee is retained by foreign lenders out of the portion of the Applicable Margin payable to such foreign lender);
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- (ii) to foreign lenders an administrative fee of 0.25% per annum on the aggregate principal amount of specified Local Loans;
- (iii) to the multi-currency lenders a letter of credit commission equal to the product of (a) the Applicable Margin (as defined in the 2011 Revolving Credit Agreement) for revolving credit loans that are Eurodollar Rate (as defined in the 2011 Revolving Credit Agreement) loans (adjusted for the term that the letter of credit is outstanding) and (b) the aggregate undrawn face amount of letters of credit; and
- (iv) to the issuing lender, a letter of credit fronting fee of 0.25% per annum of the aggregate undrawn face amount of letters of credit, which fee is a portion of the Applicable Margin.

Under certain circumstances, Products Corporation will have the right to request that the 2011 Revolving Credit Facility be increased by up to \$60.0 million, provided that the lenders are not committed to provide any such increase.

Under certain circumstances if and when the difference between (i) the borrowing base under the 2011 Revolving Credit Facility and (ii) the amounts outstanding under the 2011 Revolving Credit Facility is less than \$20.0 million for a period of two consecutive days or more, and until such difference is equal to or greater than \$20.0 million for a period of 30 consecutive business days, the 2011 Revolving Credit Facility requires Products Corporation to maintain a consolidated fixed charge coverage ratio (the ratio of EBITDA minus Capital Expenditures to Cash Interest Expense for such period, as each such term is defined in the 2011 Revolving Credit Facility) of 1.0 to 1.0.

The 2011 Revolving Credit Facility matures on June 16, 2016.

The 2011 Revolving Credit Facility is supported by, among other things, guarantees from Revlon, Inc. and, subject to certain limited exceptions, Products Corporation's domestic subsidiaries. The obligations of Products Corporation under the 2011 Revolving Credit Facility and the obligations under such guarantees are secured by, subject to certain limited exceptions, substantially all of the assets of Products Corporation and the guarantors, including:

- (i) mortgages on owned real property, including Products Corporation's facility in Oxford, North Carolina;
- (ii) the capital stock of Products Corporation and the subsidiary guarantors and 66% of the voting capital stock and 100% of the non-voting capital stock of Products Corporation's and the subsidiary guarantors' first-tier, non-U.S. subsidiaries;
- (iii) intellectual property and other intangible property of Products Corporation and the subsidiary guarantors; and
- (iv) inventory, accounts receivable, equipment, investment property and deposit accounts of Products Corporation and the subsidiary guarantors.

The liens on, among other things, inventory, accounts receivable, deposit accounts, investment property (other than the capital stock of Products Corporation and its subsidiaries), real property, equipment, fixtures and certain intangible property (the "Revolving Credit First Lien Collateral") secure the 2011 Revolving Credit Facility on a first priority basis, the 2011 Term Loan Facility on a second priority basis and Products Corporation's 9¾% Senior Secured Notes due November 2015 (the "9¾% Senior Secured Notes") and the related guarantees on a third priority basis. The liens on the capital stock of Products Corporation and its subsidiaries and intellectual property and certain other intangible property (the "Term Loan First Lien Collateral") secure the 2011 Term Loan Facility on a first priority basis and the 2011 Revolving Credit Facility and the 9¾% Senior Secured Notes and the related guarantees on a second priority basis. Such arrangements are set forth in the Third Amended and Restated Intercreditor and Collateral Agency Agreement, dated as of March 11, 2010, by and among Products Corporation and CUSA, as administrative agent and as collateral agent for the benefit of the secured parties for the 2011 Term Loan Facility, 2011 Revolving Credit Facility and the 9¾% Senior Secured Notes (the "2010 Intercreditor Agreement"). The 2010 Intercreditor Agreement

also provides that the liens referred to above may be shared from time to time, subject to certain limitations, with specified types of other obligations incurred or guaranteed by Products Corporation, such as foreign exchange and interest rate hedging obligations and foreign working capital lines.

The 2011 Revolving Credit Agreement contains various restrictive covenants prohibiting Products Corporation and its subsidiaries from:

- (i) incurring additional indebtedness or guarantees, with certain exceptions;
 - (ii) making dividend and other payments or loans to Revlon, Inc. or other affiliates, with certain exceptions, including among others:
 - (a) exceptions permitting Products Corporation to pay dividends or make other payments to Revlon, Inc. to enable it to, among other things, 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 and NYSE listing fees, and other expenses related to being a public holding company;
 - (b) subject to 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 and/or the payment of withholding taxes in connection with the vesting of restricted stock awards under such plan;
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- (c) subject to certain limitations, to pay dividends or make other payments to finance the purchase, redemption or other retirement for value by Revlon, Inc. of stock or other equity interests or equivalents in Revlon, Inc. held by any current or former director, employee or consultant in his or her capacity as such; and
 - (d) subject to certain limitations, to make other restricted payments to affiliates of Products Corporation in an amount up to \$10 million per year (plus \$10 million for each calendar year commencing with 2011), other restricted payments in an aggregate amount not to exceed \$35 million and other restricted payments based upon certain financial tests.
 - (iii) creating liens or other encumbrances on Products Corporation's or its subsidiaries' assets or revenues, granting negative pledges or selling or transferring any of Products Corporation's or its subsidiaries' assets, all subject to certain limited exceptions;
 - (iv) with certain exceptions, engaging in merger or acquisition transactions;
 - (v) prepaying indebtedness and modifying the terms of certain indebtedness and specified material contractual obligations, subject to certain exceptions;
 - (vi) making investments, subject to certain exceptions; and
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(vii) entering into transactions with affiliates of Products Corporation involving aggregate payments or consideration in excess of \$10 million other than upon terms that are not materially less favorable when taken as a whole to Products Corporation or its subsidiaries as terms that would be obtainable at the time for a comparable transaction or series of similar transactions in arm's length dealings with an unrelated third person and where such payments or consideration exceed \$20 million, unless such transaction has been approved by all of the independent directors of Products Corporation, subject to certain exceptions.

The events of default under the 2011 Revolving Credit Agreement include customary events of default for such types of agreements, including, among others:

(i) nonpayment of any principal, interest or other fees when due, subject in the case of interest and fees to a grace period;

(ii) non-compliance with the covenants in such 2011 Revolving Credit Agreement or the ancillary security documents, subject in certain instances to grace periods;

(iii) the institution of any bankruptcy, insolvency or similar proceedings by or against Products Corporation, any of Products Corporation's subsidiaries or Revlon, Inc., subject in certain instances to grace periods;

(iv) default by Revlon, Inc. or any of its subsidiaries (A) in the payment of certain indebtedness when due (whether at maturity or by acceleration) in excess of \$25.0 million in aggregate principal amount or (B) in the observance or performance of any other agreement or condition relating to such debt, provided that the amount of debt involved is in excess of \$25.0 million in aggregate principal amount, or the occurrence of any other event, the effect of which default referred to in this subclause (iv) is to cause or permit the holders of such debt to cause the acceleration of payment of such debt;

(v) a cross default under the 2011 Term Loan Facility;

(vi) the failure by Products Corporation, certain of Products Corporation's subsidiaries or Revlon, Inc. to pay certain material judgments;

(vii) a change of control such that (A) Revlon, Inc. shall cease to be the beneficial and record owner of 100% of Products Corporation's capital stock, (B) Ronald O. Perelman (or his estate, heirs, executors, administrator or other personal representative) and his or their controlled affiliates shall cease to "control" Products Corporation, and any other person or group of persons owns, directly or indirectly, more than 35% of the total voting power of Products Corporation, (C) any person or group of persons other than Ronald O. Perelman (or his estate, heirs, executors, administrator or other personal representative) and his or their controlled affiliates shall "control" Products Corporation or (D) during any period of two consecutive years, the directors serving on Products Corporation's Board of Directors at the beginning of such period (or other directors nominated by at least a majority of such continuing directors) shall cease to be a majority of the directors;

(viii) Revlon, Inc. shall have any meaningful assets or indebtedness or shall conduct any meaningful business other than its ownership of Products Corporation and such activities as are customary for a publicly traded holding company which is not itself an operating company, in each case subject to limited exceptions; and

(ix) the failure of certain of Products Corporation's affiliates which hold Products Corporation's or its subsidiaries' indebtedness to be party to a valid and enforceable agreement prohibiting such affiliate from demanding or retaining

payments in respect of such indebtedness, subject to certain exceptions, including as to Products Corporation's Senior Subordinated Term Loan.

If Products Corporation is in default under the consolidated fixed charge coverage ratio under the 2011 Revolving Credit Agreement, Products Corporation may cure such default by issuing certain equity securities to, or receiving capital contributions from, Revlon, Inc. and applying such cash which is deemed to increase EBITDA for the purpose of calculating the applicable ratio. Products Corporation may exercise this cure right two times in any four-quarter period. Upon closing the 2011 Revolver Refinancing, Products Corporation was in compliance with all applicable covenants under the 2011 Revolving Credit Agreement.

Item 7.01. Regulation FD Disclosure.

On June 16, 2011, Revlon issued a press release (the “Press Release”) announcing the consummation of the 2011 Revolver Refinancing, a copy of which is attached to this Form 8-K as Exhibit 99.1 and is incorporated by reference into this Item 7.01.

In accordance with General Instruction B.2 to the Form 8-K, the information under this Item 7.01 and the Press Release shall be deemed to be “furnished” to the SEC and not be deemed to be “filed” with the SEC for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit

No. Description

99.1 Press Release, dated June 16, 2011.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

REVLON, INC.

By: */s/ Lauren Goldberg*

Lauren Goldberg

Senior Vice President and

General Counsel

Date: June 16, 2011

EXHIBIT INDEX

| Exhibit No. | Description |
|------------------------|-------------------------------------|
| 99.1 | Press Release, dated June 16, 2011. |