Agenda

Background

Business

Competitors

Risk

Financials
## History and Corporate Overview

### Background
- First magazine published on October 1, 1953
- Playboy club closed in 1986
- International editions launched 25 years ago
- Rabbit Head Logo – designed by Arthur Paul 1953
- Playboy Foundation – activist arm of Playboy Philosophy
- Playboy mansion
- Head office – Chicago, IL

### Corporate Officers
- Hugh Hefner – Founder and Editor-in-Chief
- Christie Hefner – Chairman of the Board / Chief Executive Officer
- James Kaminsky – Editorial Director

## Business Segments

- **Entertainment**
- **Playboy Online**
- **Publishing**
- **Licensing Businesses**
**Entertainment**

**Production / Marketing programming**
- Domestic TV networks, international TV, and worldwide home video markets

**Television Programming**
- Eros collection – HBO / Showtime networks
- Hot Network / The Hot Zone networks
- Vivid TV
- Spice
- Spice II
- Home videos

**Playboy Online Group**

**Playboy.com**

**Pay-per-view lingerie fashion shows**
- Mardi Gras
- Parties at the Playboy Mansion
- Playboy Cyber-club (100,000 subscribers - 2001)
- Live-chats

**Playboystore.com**

**Online Gaming**

**SpiceTV.com**
Publishing

Playboy magazine
- Best selling monthly men’s magazine
- 1 in 7 seven men aged 18 to 34

In-depth intellectual interviews / articles

Magazine rate base larger than some reputed magazines
- Newsweek, Cosmopolitan, Maxim
- Combined Rate of Rolling Stone / GQ / Esquire

Licensing Business Group

Formally called Other Businesses Group

Licenses Playboy and Spice names / Rabbit Head Design

Playboy Jazz Festival

Alta Loma

Playmate Promotions
Competitors

- Maxim
- Men’s Health
- Rolling Stone
- GQ
- Esquire
- Men’s Journal
- Sports Illustrated

![Bar chart showing subscriptions]

Risks

Advertising

- Bottom-line effected by advertising slump

Competition

- Increase number of Men’s Magazines
- On-line material highly saturated

Cultural
Financials

Company Quickie

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Stock Price High</td>
<td>16.75</td>
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<tr>
<td>Stock Price Low</td>
<td>7.48</td>
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<tr>
<td>Current Debt/Equity</td>
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<tr>
<td>Gross Margin</td>
<td>42.30%</td>
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<td>Shares Outstanding</td>
<td>26MM</td>
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<td>Market Capitalization</td>
<td>185MM</td>
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<tr>
<td>Beta</td>
<td>.90</td>
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Financials (cont.)

Assumptions

- Growth Rates
  - Growth Phase – 5.0%
  - Stable Phase – 3.5%
- Cost of Capital
  - Cost of Equity – 8.44% (9.00% - Stable)
  - Cost of Debt – 7.50%
- Intrinsic Value
  - Of Equity – $266,408,000
  - Per Share – $10.91
Conclusion

Recommendations

Overall
Buy

- Short Term Conservative Estimates
- Long Term Growth from Online Division and Licensing Business