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Playboy Enterprises Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Our first question comes from David Bank – RBC Capital Markets.

David Bank – RBC Capital Markets

I have about five questions so if you can bear with me I'd appreciate it. The first one relates to the FX side. I think that the hit in the fourth quarter was meaningful, but I have to imagine as the quarter progressed the hit got more and more significant, particularly in the U.K. Can you review for us now in the international business if foreign currency weren't to move from where it is today, what kind of headwind on a percent of revenue would it contribute to 2009 earnings?

The second question is on the convertible issue that's due in some time 20 some odd years from now, can you review the provision in the convert, and what is your thinking in terms of refinancing the convert ultimately ahead of that event?

The third question is on the LBEs I think historically Alex the answer to the question of why aren't you doing more standalone clubs or hotels has been look we traditionally don't want to attach our name to something that can go in and out of style like a club so we like the anchor of gaming, and why the departure here? Are there going to be a lot more of these? If there are, I would think you're looking at a lot more operating income near-term.

Fourth, Linda, on a year-over-year cost reduction you guys have announced a number of restructurings reductions in force, can you give us a sense of what is the overall year-over-year cost reduction in 2009 versus 2008?

And, I guess, last with the seeming stabilization of the TV business, the publishing business to a certain extent and licensing really just being a function of cyclical weakness. What can you give us in terms of guidance for 2009 because the business seems to be stabilizing somewhat. Thank you for so many questions. I'm so sorry to bombard you with them.

Jerry Kern

Thank you, David, for being this interested. Let me address out of order two of the questions. With respect to the LBE business, our approach is that we look at every opportunity as a unique opportunity and evaluate it on that basis. So I think Alex and his people have shown a lot of flexibility and yet we do not want to get into something that's just a flash in the pan. And that's a question of

evaluating, not just the industry or area in which it is, but who our partners are and it's location as well. So that's the answer to the LBE question.

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