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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

Playboy Enterprises, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.
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1) Title of each class of securities to which transaction applies:

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1) Amount Previously Paid:

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Notice of the 2005 Annual Meeting of Stockholders

May 11, 2005

The Annual Meeting of Stockholders of Playboy Enterprises, Inc. will be held at Michael s Restaurant, located at 24 W. 55th Street, New York, New York 10019, on Wednesday, May 11, 2005, at 9:00 a.m., local time, for the following purposes:

1. to elect eight directors, each for one-year terms;

2. to vote on the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2005; and

3. to transact any other business that properly comes before the meeting.

All holders of record of Playboy Class A common stock at the close of business on March 14, 2005 are entitled to notice of and to vote at the meeting. An alphabetical list of those stockholders, their addresses and the number of shares owned by each will be on display for all purposes germane to the meeting at Playboy s New York office during normal business hours from May 1, 2005 to May 10, 2005. This list will also be on display at the meeting. Holders of Playboy Class B common stock on the record date are also welcome to attend the meeting but are not entitled to vote.

WE HOPE THAT YOU WILL BE PRESENT AT THE MEETING. IF YOU CANNOT ATTEND AND YOU ARE A HOLDER OF CLASS A COMMON STOCK, WE URGE YOU TO VOTE YOUR SHARES BY DATING, SIGNING AND MAILING THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED. The envelope requires no postage if it is mailed in the United States.

By Order of the Board of Directors

Howard Shapiro
Secretary

April 8, 2005
Chicago, Illinois

PLAYBOY ENTERPRISES, INC.
680 North Lake Shore Drive
Chicago, Illinois 60611

Proxy Statement

GENERAL INFORMATION

Annual Meeting Time, Location and Admission Procedure

The Annual Meeting of Stockholders of Playboy Enterprises, Inc. will be held on Wednesday, May 11, 2005, at 9:00 a.m., local time, at Michael s Restaurant, located at 24 W. 55th Street, New York, New York 10019.

All stockholders of record on March 14, 2005, the record date for the Annual Meeting, are invited to attend the Annual Meeting. If you attend, you may be asked to present valid picture identification, such as a driver s license or passport. Cameras, recording devices and other electronic devices will not be permitted at the meeting. Please note that if you hold your shares in street name (that is, through a bank, broker or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the record date and check in at the registration desk at the meeting.

Securities Entitled to Be Voted at the Meeting

Only shares of our Class A common stock held by stockholders of record on March 14, 2005, the record date for the Annual Meeting, are entitled to be voted at the meeting. Each share of Class A common stock is entitled to one vote. On March 14, 2005, 4,864,102 shares of Class A common stock were outstanding. The Class B common stock is not entitled to be voted at the Annual Meeting. Holders of Class B common stock are receiving this proxy statement for informational purposes only and will not receive a proxy card.

Information About This Proxy Statement

We sent you these proxy materials because Playboy s Board of Directors is soliciting your proxy to vote your shares of Class A common stock at the Annual Meeting. This proxy statement summarizes the information you need to vote at the Annual Meeting. On April 8, 2005, we began mailing these proxy materials to all of our holders of record of Class A common stock and Class B common stock, as of the close of business on March 14, 2005.

Information About Voting

Holders of Class A common stock can vote in person at the Annual Meeting or by proxy. If you want to vote by proxy, please complete, sign and date the enclosed proxy card and return it promptly in the accompanying envelope, which is postage paid if mailed in the United States. If your shares of Class A common stock are held in the name of a bank, broker or other holder of record, you will receive instructions from that holder of record that you must follow in order for your shares to be voted at the Annual Meeting.

If you plan to attend the meeting and vote in person, we will give you a ballot when you arrive. If your shares of Class A common stock are not registered in your own name, and you plan to attend the Annual Meeting and vote your shares in person, you will need to contact the broker or agent in whose name your shares are registered to obtain a broker s proxy card and bring it with you to the Annual Meeting.

If you vote by proxy, the individuals named on the proxy card (your proxies) will vote your shares in the manner you indicate. You may specify whether your shares should be voted for or withheld with respect to all, some or none of the nominees for director and whether your shares should be voted for, against or abstain with respect to the ratification of the appointment of our independent registered public accounting firm. If you sign, date and return the card without indicating your instructions on how to vote your shares, they will be voted as follows:

- **FOR** the election of the eight nominees for director; and
- **FOR** the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2005.

If any other matter is presented at the meeting, the holders of your proxy will vote in accordance with his or her best judgment. At the time this proxy statement went to press, we knew of no other matters to be acted upon at the meeting.

Your vote is important. Whether or not you plan to attend the Annual Meeting, we urge you to vote your shares by completing, signing, dating and mailing the proxy card enclosed in the accompanying envelope. Voting by proxy will not affect your right to attend the meeting and vote your shares in person.

You may revoke or change a proxy at any time before it is exercised by any of the following methods:

- sending a written revocation to Playboy s Corporate Secretary, Howard Shapiro (which will only revoke the proxy for the class of shares specified in the revocation);
- signing and delivering a later dated proxy (which will only revoke the proxy for the same class of shares as in the later dated proxy); or
- voting in person at the meeting.

Your most current vote is the one that is counted.

Quorum Requirement

A quorum is necessary to hold a valid Annual Meeting. A majority of the shares of our Class A common stock, present in person or represented by proxy, shall constitute a quorum at the Annual Meeting. Proxies marked withheld or abstain are counted as present for establishing a quorum.

Information About Votes Necessary for Action to Be Taken

All matters to be considered at the Annual Meeting require an affirmative vote of the majority of all shares of Class A common stock present in person or represented by proxy. Proxies marked withheld or abstain will have the same effect as a vote against the proposals described in this proxy statement. If your shares are held in street name, the broker or bank who holds your shares will have the authority to vote your shares with respect to the proposals without your instructions.

PROPOSAL NO. 1
ELECTION OF DIRECTORS

Playboy s directors are elected by the stockholders each year at our Annual Meeting. Our directors are elected to serve one-year terms. Our bylaws allow the Board of Directors to fix the number of directors to be elected at each Annual Meeting at not fewer than five and not more than ten. The Board of Directors currently consists of eight members. The Board of Directors has nominated eight individuals for election at the Annual Meeting. Each of the director nominees presented in this proxy statement is currently a director. If reelected, each director s term will last until the 2006 Annual Meeting or until he or she is succeeded by another qualified director who has been elected.

Your proxy will vote for each of the nominees unless you specifically withhold authority to vote for a particular nominee. If a nominee is unavailable for election, the holders of your proxy may vote for another nominee proposed by the Board of Directors, or the Board of Directors may reduce the number of directors to be elected at the Annual Meeting. Your proxy may not be voted for more than eight nominees.

THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR ALL OF THE NOMINEES.

The following information is provided with respect to each nominee for election as a director. The ages of the nominees are as of April 1, 2005.

CHRISTIE HEFNER

Director since 1979

Age 52

Ms. Hefner was appointed to her present position as Chairman of the Board and Chief Executive Officer of Playboy in November 1988. She joined Playboy in 1975 and worked in a variety of the Company s businesses before being named president in 1982. She is also a board member of the Playboy Foundation, the Company s philanthropic arm. In addition, Ms. Hefner is a member of the Board of Directors of Magazine Publishers of America, the industry association for consumer magazines; the Business Committee for the Arts, an organization helping businesses establish alliances with the arts that meet business objectives; Museum of Television & Radio Media Center; and RUSH University Medical Center. Ms. Hefner is also on the Advisory Boards of the American Civil Liberties Union and the Creative Coalition, and is a founding member of The Chicago Network, an organization of professional women from the Chicago metropolitan area who have reached the highest echelons of business, the arts, government, the professions and academia, and The Committee of 200, an international organization of preeminent women business owners and executives. She is also a member of the Chicago Council on Foreign Relations and the National Cable Television Associations Diversity Committee. Ms. Hefner is the daughter of Hugh M. Hefner, Editor-in-Chief.

DENNIS S. BOOKSHESTER

Director since 1990

Age 66

Mr. Bookshester has served as the Chief Executive Officer of Turtle Wax Inc., a company specializing in auto appearance chemistry, since January 2004. He has been Chairman of the Board of Cutanix Corporation, a company principally engaged in scientific skin research, since November 1997. Concurrently, Mr. Bookshester was the Chief Executive Officer of Fruit of the Loom, Inc. from June 1999 to May 2002. From December 1990 to May 1991, he served as Chief Executive Officer of Zale Corporation, a company principally involved in the retail sale of jewelry. Mr. Bookshester was Corporate Vice Chairman, Chairman and Chief Executive Officer of the Retail Group of Carson Pirie Scott & Co., positions he held from 1984 to 1989. In addition, Mr. Bookshester is the Chairman of the Illinois Racing Board and a member of the board of directors of Northwestern Hospital Foundation. He is on the Visiting Committee of the University of Chicago

Graduate School of Business, the University of Chicago Visiting Committee to Biological Sciences and Pritzker School of Business. Mr. Bookshester is a member of the Audit Committee of the Board.

DAVID I. CHEMEROW

Director since 1996

Age 53

Mr. Chemerow is the managing director and founder of Blue Hill Associates, a consulting firm. He was the Chief Operating Officer for TravelCLICK, Inc., a leading provider of solutions that help hotels maximize profit from electronic distribution channels, from December 2003 through August 2004. Prior to that, he was the Chief Operating Officer of ADcom Information Services, Inc., which provides ratings for viewership of TV programs to cable operators, from July 2002 through December 2003. He served as President and Chief Executive Officer of Soldout.com, Inc. from May 2000 through July 2000 and was President and Chief Operating Officer from September 1999 through April 2000. Soldout.com, Inc. was a premium event and entertainment resource, specializing in sold out and hard-to-obtain tickets and personalized entertainment packages for sports, theater, cultural and other events. Mr. Chemerow was President and Chief Operating Officer of GT Interactive Software Corp., a company principally engaged in publishing computer games, from April 1998 to September 1999; he served as Executive Vice President and Chief Operating Officer from May 1997 to April 1998. From April 1996 to May 1997, he was Executive Vice President and Chief Financial Officer of ENTEX Information Services, Inc., a company principally engaged in providing distributed computing management solutions. Beginning in 1990 and prior to joining ENTEX, he was Executive Vice President, Finance and Operations, and Chief Financial Officer of Playboy. Mr. Chemerow is also a member of the Board of Directors of Dunham s Athleisure Corporation, a sporting goods retailer. Mr. Chemerow is the Chairman of the Audit Committee of the Board.

DONALD G. DRAPKIN

Director since 1997

Age 57

Mr. Drapkin has been Vice Chairman and a Director of MacAndrews & Forbes Holdings Inc. and various affiliates since 1987. Prior to joining MacAndrews & Forbes, Mr. Drapkin was a partner in the law firm of Skadden, Arps, Slate, Meagher & Flom LLP for more than five years. Mr. Drapkin is also a Director (or member of the Board of Managers, as applicable) of the following corporations which file reports pursuant to the Securities Exchange Act of 1934: Allied Security Holdings, LLC, Anthracite Capital, Inc., Nephros, Inc., Revlon Consumer Products Corporation, Revlon, Inc. and SIGA Technologies, Inc. Mr. Drapkin is a member of the Compensation Committee of the Board.

JEROME H. KERN

Director since 2002

Age 67

Mr. Kern has been the Chairman of Symphony Media Systems, LLC since 2003 and President of Kern Consulting, LLC since 2001. Prior to that, Mr. Kern was Chairman and Chief Executive Officer of On Command Corporation. Prior to his position at On Command, he served as Vice Chairman and a member of the Board of Directors of Tele-Communications, Inc. (TCI). For more than 20 years, Mr. Kern was the principal outside legal counsel to TCI and Liberty Media Corporation (Liberty Media), including from 1992 to 1998, when he served as senior partner of Baker & Botts, L.L.P. Mr. Kern is on the board of Volunteers of America (Colorado Chapter). He also serves as Chairman of the Institute for Children s Mental Disorders and is Co-Chairman of Board of Trustees for the Colorado Symphony Association. He is a trustee of City Meals-on-Wheels in New York and a trustee of the New York University School of Law Foundation. Mr. Kern is a member of the Audit Committee of the Board.

RUSSELL I. PILLAR
Director since 2003
Age 39

Mr. Pillar is Co-Founder and Managing Director of Catalytic Capital and its predecessor and related entities, all investment and advisory vehicles focused on maximizing the value of consumer brands. He has served in that and similar capacities since October 1991. He also is Senior Advisor at Viacom, where he provides insight on media, technology, and communications industry developments and their implications for Viacom s global strategy. From January 2000 until April 2004 he was President of the Viacom Digital Media Group and its predecessor entities, where he served as Viacom s chief digital media strategy and execution executive. From November 1998 to January 2000 he was President, Chief Executive Officer, and a Director of Richard Branson s Virgin Entertainment Group, a diversified international entertainment content retailer. From September 1997 to August 1998 he was President and Chief Executive Officer of Prodigy Internet, an Internet service provider, and was a member of Prodigy Inc. s board of directors, including having served as its Vice Chairman, from October 1996 (when he helped lead the leveraged buy-out of the company) to February 2000. Mr. Pillar, a Crown Fellow at the Aspen Institute, graduated Phi Beta Kappa, cum laude with an A.B. in East Asian Studies from Brown University. Mr. Pillar is a member of the Compensation Committee of the Board.

SOL ROSENTHAL
Director since 1985
Age 70

Mr. Rosenthal has been Of Counsel to the Los Angeles office of the law firm of Arnold & Porter LLP since July 2000. Prior to that he was Of Counsel to the Los Angeles law firm of Blanc Williams Johnston & Kronstadt, L.L.P. from May 1996 through June 2000. Prior to that, he was a senior partner in the law firm of Buchalter, Nemer, Fields & Younger from 1974 through April 1996. He has served as an arbitrator in entertainment industry disputes since 1977 and as the Writers Guild-Association of Talent Agents Negotiator since 1978. Mr. Rosenthal is a former member of the Board of Governors, Academy of Television Arts & Sciences, on which he served from 1990 to 1992; he is a former President of the Beverly Hills Bar Association and a former President of the Los Angeles Copyright Society. Mr. Rosenthal is the Chairman of the Compensation Committee of the Board.

RICHARD S. ROSENZWEIG
Director since 1973
Age 69

Mr. Rosenzweig has been Executive Vice President of Playboy since November 1988. From May 1982 to November 1988, he was Executive Vice President, Office of the Chairman, and from July 1980 to May 1982, he was Executive Vice President, Corporate Affairs. Before that, from January 1977 to June 1980, he had been Executive Vice President, West Coast Operations. His other positions with Playboy have included Executive Vice President, Publications Group, and Associate Publisher, *Playboy* Magazine. He has been with Playboy since 1958.

MEETINGS AND COMMITTEES OF THE BOARD

The Board of Directors held eight meetings during 2004. In addition to meetings of the full Board, directors also attend meetings of Board committees on which they serve. Each of our directors attended at least 75% of all the meetings of the Board and of the Board committees on which he or she served during 2004. The non-management directors also meet periodically in executive sessions without management. The non-management director designated to preside at such executive sessions rotates among such non-management directors. Information with respect to Playboy s policy for communication with directors, including the non-management directors, is described in the section of this proxy statement titled Stockholder Communications with Directors. The Board of Directors has a standing audit committee and a standing compensation committee, which are described below. The Board does not have a standing nominating committee.

Our Board of Directors is composed of eight individuals. The Board of Directors has affirmatively determined that all directors, other than Ms. Hefner and Mr. Rosenzweig, are independent directors under the listing requirements of the New York Stock Exchange. Specifically, these six directors have no material relationship with Playboy, either directly or as a partner, shareholder or officer of an organization that has a relationship with Playboy. In making these determinations, the Board of Directors considered the fact that none of these directors had any relationships with Playboy of the types set forth in the listing requirements of the New York Stock Exchange nor any other relationships that in the Board s judgment would interfere with the director s independence. Ms. Hefner and Mr. Rosenzweig are both executive officers of Playboy and, therefore, are not independent directors.

Audit Committee

The audit committee of the Board is currently comprised of three directors, Messrs. Chemerow (who serves as Chairman), Bookshester and Kern. The functions of the audit committee and its activities during 2004 are described in the section of this proxy statement titled Report of the Audit Committee.

During 2004, the Board of Directors examined the composition of the audit committee and confirmed that all members of the audit committee are independent and financially literate and that Mr. Chemerow qualifies as an audit committee financial expert, in each case under the applicable New York Stock Exchange listed company rules and the Securities and Exchange Commission regulations governing audit committees. Mr. Chemerow acquired his financial expert attributes principally through years of experience as chief financial officer or controller of several companies as well as president and chief operating officer of several companies where he actively supervised principal financial officers and actively oversaw the preparation and evaluation of financial statements. Mr. Chemerow s experiences are described in the section of this proxy statement titled PROPOSAL NO. 1 ELECTION OF DIRECTORS.

The audit committee met seven times during 2004.

Compensation Committee

The compensation committee of the Board is currently comprised of three directors, Messrs. Rosenthal (who serves as Chairman), Drapkin and Pillar. The key functions of the compensation committee include reviewing and approving our goals and objectives concerning compensation of corporate officers and certain other key employees, evaluating the performance of our Chief Executive Officer in light of these goals and objectives and determining and approving her compensation level based on this evaluation, evaluating the performance of other corporate officers in light of these goals and objectives, reviewing the competitiveness of our compensation practices and determining and approving salary and termination arrangements for, and all proposed contracts and transactions with, all of our employees whose salaries and bonuses are more than $350,000 but less than $500,000 per year, excluding corporate officers.

Other key responsibilities of the compensation committee include reviewing and making recommendations to the Board concerning our employee benefit programs, making recommendations to the Board concerning compensation, salary or termination arrangements for, and all proposed contracts and transactions with, corporate officers, other than our Chief Executive Officer, and any employee of Playboy (including Mr. Hefner) whose salary and bonus equals or exceeds $500,000 per year, administering our stock incentive plans for key employees and non-employee directors and determining which of our employees are eligible to participate in those plans and administering our employee stock purchase plan.

The compensation committee met four times during 2004.

Board Nominations

Playboy is committed to having a Board of Directors comprised of individuals who are accomplished in their fields, have the ability to make meaningful contributions to the Board s oversight of the business and affairs of Playboy and have an impeccable record and reputation for honest and ethical conduct. Our Board of Directors is composed of eight individuals, six of whom the Board of Directors have affirmatively determined to be independent directors under the listing requirements of the New York Stock Exchange. Because more than fifty percent of our voting shares are owned by a single individual, the NYSE listing requirements do not require us to have a separate nominating committee composed solely of independent directors to identify and select individuals to serve on our Board. However, we believe the independent composition of our Board of Directors enables us to achieve the purposes of an independent nominating committee by using the full Board. Accordingly, each member of the Board of Directors participates in the consideration of director nominees.

Our Board of Directors will consider director candidates recommended by stockholders. In considering candidates submitted by stockholders, the Board of Directors will take into consideration its needs and the qualifications of the candidate. To have a candidate considered by the Board of Directors, a stockholder must submit the recommendation in writing and must include the following information:

- the name of the stockholder and evidence of the person s ownership of Playboy stock, including the number and class of shares owned and the length of time of ownership; and

- the name of the candidate, the candidate s resume or a listing of his or her qualifications to be a director of Playboy and the person s consent to be named as a director if nominated by the Board of Directors.

The stockholder recommendation and information described above must be sent to the Secretary at Playboy Enterprises, Inc., 680 N. Lake Shore Drive, Chicago, Illinois 60611 and must be received by the Secretary not less than 120 days prior to the anniversary date of Playboy s most recent annual meeting of stockholders.

In addition to the factors described above, the Board of Directors examines a candidate s specific experiences and skills, time availability in light of other commitments, potential conflicts of interest and independence from management, Playboy and its principal stockholder. The Board of Directors also seeks to have its members represent a diversity of backgrounds and experience.

The Board of Directors identifies potential nominees by asking current directors and executive officers to identify people meeting the criteria described above that are available to serve on the Board. As described above, the Board of Directors will also consider candidates recommended by stockholders.

Once a person has been identified as a potential candidate, the Board of Directors may collect and review publicly available information regarding the person to assess whether the person should be considered further. If the Board of Directors determines that the candidate warrants further consideration, the Chairman or another member of the Board contacts the person. Generally, if the person expresses a willingness to be considered and to serve on the Board, the Board of Directors requests information from the candidate, reviews the person s accomplishments and qualifications, including in light of any other candidates that the Board of Directors might be considering, and conducts one or more interviews with the candidate. In certain instances, the Chairman or another member of the Board may contact one or more references provided by the candidate or may contact other members of the business community or other persons that may have greater first-hand knowledge of the candidate s accomplishments. The Board s evaluation process does not vary based on whether or not a candidate is recommended by a stockholder, although, as stated above, the Board of Directors may take into consideration the number and class of shares held by the recommending stockholder and the length of time that such shares have been held and the needs of the Board at the time.

STOCKHOLDER COMMUNICATIONS WITH DIRECTORS

The Board of Directors has established a process to receive communications from stockholders. Stockholders may contact any member (or all members) of the Board, any Board committee or any chair of any such committee by mail. To communicate with the Board of Directors, any individual directors or any group or committee of directors, correspondence should be addressed to the Board of Directors or any such individual directors or group or committee of directors by either name or title. All such correspondence should be sent c/o Secretary at Playboy Enterprises, Inc., 680 N. Lake Shore Drive, Chicago, Illinois 60611.

All communications received as set forth in the preceding paragraph will be opened by the office of our General Counsel for the sole purpose of determining whether the contents represent a message to our directors. Any contents that are not in the nature of advertising, promotions of a product or service, or patently offensive material will be forwarded promptly to the addressee. In the case of communications to the Board or any group or committee of directors, the General Counsel s office will make sufficient copies of the contents to send to each director who is a member of the group or committee to which the envelope is addressed.

We also have a 24-hour toll-free telephone number (1-866-376-4117) and a dedicated email address (pla@openboard.info) for receiving complaints or concerns regarding accounting and auditing matters. There is also a secure web page at www.openboard.info/ PLA providing the ability to access an Internet-based message interface that will deliver a secure message. In addition, we have a secure post office box (P.O. Box 11177, Chicago, IL 60611) for the same purpose. Complaints or concerns regarding accounting and auditing matters will be handled in accordance with procedures adopted by the audit committee.

It is Playboy s policy that each of our directors should attend the Annual Meeting absent circumstances which makes attendance impossible. All of our directors were in attendance at the 2004 Annual Meeting.

AVAILABILITY OF CERTAIN DOCUMENTS

Posted on our website www.playboyenterprises.com in the Investor Relations Corporate Governance section are the charters of the audit committee and compensation committee of our Board of Directors, our Code of Business Conduct and our Corporate Governance Guidelines. Copies of these documents are also available free of charge by sending a request to Investor Relations, Playboy Enterprises, Inc., 680 North Lake Shore Drive, Chicago, Illinois 60611. Information made available on our website does not constitute a part of this document.

DIRECTOR COMPENSATION

Directors who are Playboy employees receive no compensation for their services as directors. During 2004, non-employee directors earned an annual fee of $36,000. This annual fee was payable in quarterly installments. At least half of this annual fee is payable in shares of Class B common stock. The Chairman of our compensation committee earns an additional fee of $5,000 per year and the Chairman of our audit committee earns an additional fee of $10,000 per year. Each member of our audit committee other than the Chairman of the audit committee earns an additional fee of $5,000 per year. At least half of these additional fees to the Chairman of our compensation committee and the Chairman and members of our audit committee are paid in shares of our Class B common stock. In addition, each non-employee director earned a fee of $1,000, payable in shares of Class B common stock, for each Board meeting in which he participated, except that no fee was paid in connection with telephonic only Board meetings. All of our non-employee directors participated in all five of the Board meetings for which fees were paid. Messrs. Bookshester, Chemerow, Drapkin, Kern, Pillar and Rosenthal earned total compensation of $46,000, $51,000, $41,000, $46,000, $41,000 and $46,000, respectively, in 2004.

Since October 1992, non-employee directors have also been eligible to participate in Playboy s Deferred Compensation Plan for Non-Employee Directors, which we call the DCP, under which they may elect to defer receipt of part or all of their annual fees, committee fees and per-meeting payments. All amounts deferred and earnings credited are 100% vested immediately and are general unsecured obligations of Playboy.

Each non-employee director other than Mr. Pillar is also a participant in the Playboy Enterprises, Inc. 1991 Non-Qualified Stock Option Plan for Non-Employee Directors. We call this stock option plan the 1991 Directors Stock Option Plan. Under the 1991 Directors Stock Option Plan, each director is granted a non-qualified stock option to purchase shares of Class B common stock. Each option is exercisable in four equal annual installments, beginning on the first anniversary of the date that options were initially granted, unless accelerated according to the terms of the 1991 Directors Stock Option Plan. All installments are cumulative and may be exercised in whole or in part. Options granted under the 1991 Directors Stock Option Plan generally expire ten years after the date of grant, although they may expire earlier. Shares issued upon the exercise of options granted under the 1991 Directors Stock Option Plan may be either treasury shares or newly-issued shares.

Each non-employee director other than Mr. Kern is also a participant in the Amended and Restated 1997 Equity Plan for Non-Employee Directors of Playboy Enterprises, Inc., as amended. We call this equity plan the 1997 Equity Plan. Under the 1997 Equity Plan, we from time to time grant non-employee directors non-qualified stock options to purchase shares of Class B common stock and/or shares of restricted stock. Each option is generally exercisable in four equal annual installments, beginning on the first anniversary of the date that options were initially granted, unless accelerated according to the terms of the 1997 Equity Plan. All installments are cumulative and may be exercised in whole or in part. Options granted under the 1997 Equity Plan generally expire ten years after the date of grant, although they may expire earlier. Shares issued upon the exercise of options granted under the 1997 Equity Plan may be either treasury shares or newly-issued shares.

EXECUTIVE OFFICERS

The following information is provided with respect to Playboy s executive officers, except for Ms. Hefner and Mr. Rosenzweig, whose information is provided in the section of this proxy statement titled PROPOSAL NO. 1 ELECTION OF DIRECTORS. Playboy s officers hold their offices until their successors are chosen and qualified.

JAMES F. GRIFFITHS

Senior Executive Vice President and
President, Entertainment Group
Age 51

Mr. Griffiths was appointed to his position as Senior Executive Vice President in January 2004 and was appointed to his additional position as President, Entertainment Group in June 2004. He joined Playboy from Metro-Goldwyn-Mayer (MGM) where he spent six years as President, Worldwide Television Distribution. He oversaw the global distribution of movies and television programs and supervised MGM Networks, Inc., the company s cable and satellite channel ventures. Mr. Griffiths joined MGM from Creative Artists Agency where he served as Director of the Entertainment Ventures Group and helped create Tel-TV and the Sundance Channel as well as other business and content opportunities. He began his professional career as a Senior Accountant with Price Waterhouse and was recruited to Home Box Office where he spent eight years. Mr. Griffiths later served as President of Worldwide Pay Television and International Home Video at Twentieth Century Fox before joining Star Television in 1993 as Managing Director in Hong Kong.

LINDA G. HAVARD

Executive Vice President, Finance and Operations,
and Chief Financial Officer
Age 50

Ms. Havard was appointed to her present position in May 1997. From August 1982 to May 1997, she held various financial and management positions at Atlantic Richfield Company or ARCO. From October 1996 to May 1997, Ms. Havard served as ARCO s Senior Vice President in the Global Energy Ventures division. She also served as ARCO s Vice President of Corporate Planning from January 1994 to December 1996. Her other positions with ARCO included Vice President, Finance, Planning and Control, ARCO Transportation Co. and President, ARCO Pipe Line Co. Ms. Havard serves as a member of the Board of Directors of Playboy.com, Inc. (Playboy.com). Ms. Havard is also a member of the UCLA Foundation Board of Councillors, a member of the Board of Trustees of the Chicago School of Professional Psychology, a member of the Chicago Club of the Council on Foreign Relations and a member of Chicago Finance Exchange.

HUGH M. HEFNER

Editor-in-Chief
Age 78

Mr. Hefner founded Playboy in 1953. He assumed his present position in November 1988. From October 1976 to November 1988, Mr. Hefner served as Chairman of the Board and Chief Executive Officer, and before that he served as Chairman, President and Chief Executive Officer. Mr. Hefner is the father of Christie Hefner, Chairman of the Board and Chief Executive Officer.

MARTHA O. LINDEMAN

Senior Vice President, Corporate Communications
and Investor Relations
Age 54

Ms. Lindeman was appointed to her present position in September 1998. From 1992 to 1998, she served as Vice President, Corporate Communications and Investor Relations. From 1986 to 1992, she served as Manager of Communications at the Tribune Company, a leading information and entertainment company.

HOWARD SHAPIRO
Executive Vice President, Law and Administration,
General Counsel and Secretary
Age 57

Mr. Shapiro was appointed to his present position in May 1996. From September 1989 to May 1996, he served as Executive Vice President, Law and Administration, and General Counsel. From May 1985 to September 1989, Mr. Shapiro served as Senior Vice President, Law and Administration, and General Counsel. From July 1984 to May 1985, he served as Senior Vice President and General Counsel. From September 1983 to July 1984, he served as Vice President and General Counsel. From May 1981 to September 1983, he served as Corporate Counsel. From June 1978 to May 1981, he served as Division Counsel. From November 1973 to June 1978, he served as Staff Counsel.

ALEX VAICKUS
Executive Vice President and President,
Global Licensing
Age 45

Mr. Vaickus was appointed to his present position in November 2002. From August 2000 to November 2002, Mr. Vaickus served as Senior Vice President and President of the Licensing Group. Mr. Vaickus previously served as Playboy s Senior Vice President of Strategy, Planning and Operations and was responsible for managing the strategic planning process and all corporate level business development activities, including the evaluation of acquisitions and new business opportunities. Prior to joining Playboy in 1998, Mr. Vaickus was Vice President of Business Development with ConAgra Refrigerated Prepared Foods and Vice President of Business Planning and Finance for Sara Lee/ DE, a division of Sara Lee Corporation. He spent 12 years at Sara Lee, where he held various positions, including Executive Director of U.S. Foods and Director of Business Planning.

PLAYBOY STOCK OWNERSHIP

Playboy Stock Ownership by Certain Beneficial Owners

The following table provides information about each person who we believe, based on a review of filings with the Securities and Exchange Commission, as of February 28, 2005, beneficially owns more than 5% of our outstanding Class A common stock.

Name and Address	Number of Shares of Class A Common Stock	Percent of Class
Hugh M. Hefner, Trustee(1) The Hugh M. Hefner 1991 Trust 2706 Media Center Drive Los Angeles, California 90065	3,381,836	69.53
John A. Levin & Co., Inc.(2) BKF Capital Group, Inc. One Rockefeller Plaza New York, New York 10020	391,300	8.04
Pequot Capital Management, Inc.(3) 500 Nyala Farm Road Westport, Connecticut 06880	303,400	6.24

(1) Mr. Hefner, founder of Playboy and Editor-in-Chief, owns these shares through The Hugh M. Hefner 1991 Trust. Mr. Hefner has sole investment and voting power over these shares. Mr. Hefner has indicated his intent to vote his shares on the matters specified in this proxy statement in accordance with the recommendations made in this proxy statement by the Board of Directors.

(2) Information as to John A. Levin & Co., Inc. and BKF Capital Group, Inc. is based upon a report on Schedule 13G/ A filed with the Securities and Exchange Commission on February 14, 2005. Such report was filed by John A. Levin & Co., Inc. and BKF Capital Group, Inc. and indicates that each stockholder had sole voting and investment power with respect to 337,800 shares and shared voting and investment power with respect to 53,500 shares.

(3) Information as to Pequot Capital Management, Inc. is based upon a report on Schedule 13G filed with the Securities and Exchange Commission on February 14, 2005. Such report was filed by Pequot Capital Management, Inc. and indicates that the stockholder had sole voting power with respect to 295,100 shares and sole dispositive power with respect to 303,400 shares.

Playboy Stock Ownership by Directors and Executive Officers

The following table shows, as of February 28, 2005, the amount of common stock beneficially owned by each of our directors and by each individual named in the Summary Compensation table on page 17 of this proxy statement, and by all directors and executive officers as a group. In general, beneficial ownership includes those shares over which a person has the power to vote, or the power to transfer, and stock options that are currently exercisable or will become exercisable within 60 days of February 28, 2005. Except as otherwise noted, the persons named in the table below have sole voting and investment power with respect to all shares shown as beneficially owned by them.

Name(1)	Shares of Class A Common Stock	Percent of Class A Common Stock	Shares of Class B Common Stock	Percent of Class B Common Stock
Dennis S. Bookshester(2)	3,000	*	44,063	*
David I. Chemerow(2)	800	*	67,441	*
Donald G. Drapkin(2)		*	35,000	*
James L. English(2)		*	102,544	*
James Griffiths(2)		*	15,242	*
Linda G. Havard(2)		*	235,689	*
Christie Hefner(2)	72,274	1.49	1,165,205	3.94
Hugh M. Hefner(3)	3,381,836	69.53	7,314,695	25.61
Jerome H. Kern(2)		*	15,093	*
Russell I. Pillar(2)		*	17,705	*
Sol Rosenthal(2)	250	*	49,450	*
Richard S. Rosenzweig(2)	365	*	196,009	*
Alex Vaickus(2)		*	91,778	
All Directors and Executive Officers as a group (14 persons)(2)(3)	3,458,540	71.10	9,599,985	31.58

* Less than 1% of the total shares outstanding.

(1) In each case, beneficial ownership consists of sole voting and investment power, with the exception of Mr. Pillar, who owns 10,205 shares of Class B common stock through Pillar Living Trust and shares voting and investment power of with his wife.

(2) Includes the following shares of our Class B common stock that are subject to installments of stock option grants made under the Second Amended and Restated Playboy Enterprises, Inc. 1995 Stock Incentive Plan, as amended, which we call the 1995 Stock Incentive Plan, the 1991 Directors   Stock Option Plan and the 1997 Equity Plan, which were either exercisable on February 28, 2005, or are exercisable within 60 days of February 28, 2005.

Name	Class B Common Stock
Dennis S. Bookshester	25,000
David I. Chemerow	25,000
Donald G. Drapkin	30,000
James L. English	81,667
James Griffiths	15,000
Linda G. Havard	211,334
Christie Hefner	998,221
Jerome H. Kern	5,000
Russell I. Pillar	7,500

Sol Rosenthal	25,000
Richard S. Rosenzweig	139,334
Alex Vaickus	83,834
All Directors and Executive Officers as a group (14 persons)	1,834,391

(3) Excludes 381,971 shares of Class B common stock that Mr. Hefner purchased on March 15, 2005.

EXECUTIVE COMPENSATION

Report of the Committee on Executive Compensation

This report by the compensation committee and the Performance Graph on page 23 shall not be deemed to be incorporated by reference by any general statement that incorporates by reference these proxy materials into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, and they shall not otherwise be deemed to be soliciting material or to be filed thereunder.

Playboy s executive compensation programs are administered by the compensation committee of the Board of Directors. Messrs. Rosenthal (who is the Chairman), Drapkin and Pillar served as members of the compensation committee during 2004. None of these three directors has ever served as an officer of Playboy.

Playboy s executive compensation programs are designed to help Playboy achieve its business objectives by:

- setting levels of compensation designed to attract and retain superior executives in a highly competitive environment;
- providing incentive compensation that varies directly with both Playboy s financial performance and the individual executive s contribution to that performance; and
- linking compensation to elements that affect both short-term and long-term share performance.

Therefore, the compensation committee s primary mission is to structure and administer a range of compensation programs designed to enable Playboy to attract and retain executive talent in a marketplace that is both highly competitive and well-known for its individually tailored compensation packages. To help it fulfill this mission, the compensation committee periodically evaluates the competitiveness of Playboy s executive compensation programs, using information drawn from a variety of sources, such as published survey data, information supplied by consultants and its own experience in recruiting and retaining executives. A list of the criteria the compensation committee considers when it establishes compensation programs and the factors it considers when it determines an executive s compensation is supplied in this report.

Base Salary

The compensation committee sets the base salaries and salary ranges for executives based primarily on competitive market data and the executive s level of responsibility. The committee uses outside executive compensation consultants to periodically review these salaries and salary ranges. The committee reviews salary ranges once a year, and adjusts them as necessary, considering a number of factors including Playboy s financial performance. The committee also reviews executives salaries once a year, and bases any adjustments on each executive s individual performance, while also considering his or her total compensation package and external market data. While some of the companies in the peer group chosen for comparison of stockholder returns in the Performance Graph on page 23 may be included in the surveys and information the compensation committee considers in setting executives salaries, there is no set peer group against which those salaries are measured. Instead, the committee reviews broad-based industry salary data, which typically exclude financial services and not-for-profit companies, and industry-specific data relative to a particular position when they are available. For 2004, the committee continued its practice of restraining base salaries and salary grade ranges. This is consistent with the committee s current philosophy of focusing less on fixed compensation and more on variable performance-based compensation in the form of short-term and long-term incentives.

Short-Term Incentives

Playboy executives are eligible for annual bonuses under Playboy s Executive Incentive Compensation Program. For 2004, participants in this program could earn an annual bonus with a value ranging from 25% to 100% of their base salaries. We calculated the total bonus amount each executive earned based on Playboy s

EBITDA as well as group and/or individual segment profitability objective goals. For each portion of the bonus, there is a range of bonus amounts paid based on the level of achievement with respect to that portion, with a minimum threshold level of performance required before earning each portion of the bonus. Additionally, except for Mr. Hefner and Ms. Hefner, a portion of the bonus is based on the achievement of non-financial goals. For 2004, the compensation committee determined that Mr. Griffiths, Ms. Havard, Ms. Hefner, Mr. Hefner and Mr. Vaickus should receive payouts under the Executive Incentive Compensation Program.

Long-Term Incentives

Playboy provides long-term incentive awards through its 1995 Stock Incentive Plan, which the compensation committee administers for Playboy. Subject to the terms of that plan, the compensation committee determines the key employees to whom options and other awards may be granted, the number of shares of our Class B common stock covered by each option or other stock award, the time or times at which the options may be exercised, the vesting of options and other awards and other administrative functions. Since the inception of the 1995 Stock Incentive Plan, the compensation committee has granted incentive stock options, non-qualified stock options, restricted stock awards and performance awards. These grants are designed to further the growth, development and financial success of Playboy by providing key employees with strong additional incentives to maximize long-term stockholder value. The committee believes that this objective can be best achieved through assisting key employees to become owners of Playboy stock, which aligns their interests with Playboy s interests. As stockholders, key employees will benefit directly from Playboy s growth, development and financial success. Stock option grants and restricted stock awards also enable Playboy to attract and retain the services of those executives whom we consider essential to Playboy s long-range success by providing these executives with a competitive compensation package and an opportunity to become owners of Playboy stock.

Chairman and Chief Executive Officer Compensation

Ms. Hefner s annual base salary for 2004 was $675,000 (she was paid $700,962 in 2004 as a result of 2004 having 27 pay periods as compared to fiscal years 2003 and 2002 in which there were 26 pay periods). In determining Ms. Hefner s salary, the compensation committee considered a number of factors, including Playboy s overall financial and operational performance over the last few fiscal years. The compensation committee also reviewed competitive market data and, consistent with its general approach to salaries, attempted to place Ms. Hefner s salary slightly above the median of the data reported in relevant compensation surveys and other information it considered.

The compensation committee calculated Ms. Hefner s bonus payout of $118,706 according to the terms of Playboy s Executive Incentive Compensation Program. Ms. Hefner s maximum bonus opportunity was 100% of her base salary. Her bonus was based on achievement of the EBITDA and the group profitability targets described above for 2004, and since Playboy achieved only a portion of these targets, only a portion of the maximum bonus was paid to her.

Deductibility of Compensation

In 1993, changes were made to the federal corporate income tax law that limit Playboy s ability to deduct compensation in excess of $1 million paid annually to certain of Playboy s most highly compensated executive officers. There are exemptions from this limit, including compensation that is based on the attainment of performance goals established by the compensation committee and approved by the stockholders. The committee s policy is to seek to qualify all executive compensation for deductibility to the extent that this policy is consistent with Playboy s overall objectives in attracting, motivating and retaining its executives. However, Playboy may make non-conforming grants from time to time.

Submitted by the compensation committee:
Sol Rosenthal, Chairman
Donald G. Drapkin
Russell I. Pillar

Executive Compensation

The following tables set forth information regarding the compensation earned by Ms. Hefner, who served as Playboy s Chairman of the Board and Chief Executive Officer throughout 2004, the four other most highly compensated executive officers of Playboy, other than our Chief Executive Officer, for 2004 and James L. English, who was an executive officer during a portion of the fiscal year ended December 31, 2004 and would have been one of the four other most highly compensated executive officers for 2004 but for the fact that he was not an executive officer as of December 31, 2004. We refer to these individuals as our Named Executives. The Summary Compensation table details the salary and bonus earned by and the stock option grants made to and restricted stock payouts to each Named Executive during each of the last three fiscal years. The Option Grants in Last Fiscal Year table explains in more detail the terms and hypothetical values of stock options granted during 2004 to the Named Executives. Finally, the Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values table reflects certain information regarding vested and unvested stock options held by the Named Executives as of December 31, 2004, and the value of those options as of that date.

Summary Compensation

		Annual Compensation		Long Term Compensation Class B Common Stock			
				Awards		Payouts	
Name and Principal Position	**Year**	**Salary ($)**	**Bonus ($)**	**Restricted Stock Awards ($)**	**Securities Underlying Options (#)**	**LTIP Payouts ($)(1)**	**All Other Compensation ($)(2)**
Christie Hefner Chairman of the	2004	700,962(3)	118,706		90,000(4)		47,618
Board and Chief Executive	2003	600,000	465,035		150,000(5)	345,000	28,947
Officer	2002	600,000	60,000		150,000(6)		36,151
Hugh M. Hefner	2004	778,846(3)	52,758				13,983
Editor-in-Chief	2003	750,000	232,518				12,847
	2002	750,000	30,000				9,997
James F. Griffiths	2004	627,500(3)	162,500		45,000(4)		
Senior Executive Vice	2003						
President and President,	2002						
Entertainment Group							
Linda G. Havard Executive Vice	2004	508,068(3)	143,981		24,000(4)		13,983
President, Finance and	2003	475,000	317,387		50,000(5)	184,000	23,802
Operations and Chief Financial Officer	2002	475,000	38,000		30,000(7)		27,219

Alex Vaickus Executive Vice	2004	389,423(3)	140,682	18,000(4)		13,983
President	2003	350,000	191,016	50,000(5)	69,000	8,203
and President, Global Licensing	2002	300,000	126,000	15,000(7)		2,997
James L. English(8) Former Executive	2004	674,038(3)		18,000(8)		703,500
Vice President and	2003	625,000	527,287	50,000(5)	86,241	12,847
President, Entertainment Group	2002	600,000		20,000(7)		9,997

(1) As of December 31, 2004, Ms. Hefner, Mr. Griffiths, Ms. Havard and Mr. Vaickus held 30,000, 15,000, 8,000 and 6,000 restricted stock units, respectively, which were valued at $368,700, $184,350, $98,320 and $73,740, respectively, based on the $12.29 per share closing price of our Class B common stock on the New York Stock Exchange on December 31, 2004. The units were awarded in February 2004. Payouts ranging from 0%-100% are dependent on Playboy s cumulative three-year performance as measured against pre-established performance objectives. Mr. Hefner and Mr. English hold no restricted stock units. Dividends, if any, are not payable on restricted stock units. Amounts shown for 2003 represent the value of restricted stock awards previously granted under the 1995 Stock Incentive Plan, which vested in February 2003.

(2) The amounts disclosed for year 2004 include:

(a) Playboy profit-sharing contributions of $6,808 on behalf of Ms. Hefner, Mr. Hefner, Ms. Havard and Mr. Vaickus earned in 2004 under Playboy s Employees Investment Savings Plan. Mr. Griffiths and Mr. English were not eligible for profit sharing contributions in 2004.

(b) Playboy 401(k) matching contributions of $7,175 on behalf of Ms. Hefner, Mr. Hefner, Ms. Havard, Mr. Vaickus and $3,500 on behalf of Mr. English in 2004 under Playboy s Employees Investment Savings Plan. Mr. Griffiths did not participate in the 401(k) plan in 2004.

(c) Playboy deferred compensation matching contributions of $33,635 on behalf of Ms. Hefner in 2004 under Playboy s DCP.

(d) Payments to Mr. English of $650,000 relating to the termination of his prior employment agreement and $50,000 in lieu of accrued vacation.

(3) For fiscal year 2004, salaries reflect compensation paid for 27 pay periods as compared to fiscal years 2003 and 2002 in which salaries reflected compensation paid for 26 pay periods. The annual base salary in effect for fiscal year 2004 for Ms. Hefner, Mr. Hefner, Mr. Griffiths, Ms. Havard and Mr. Vaickus was $675,000, $750,000, $650,000, $489,250 and $375,000, respectively. Mr. English s salary in 2004 consisted of (i) his executive salary from January until June 4, 2004 at an annual rate of $650,000; and (ii) payments under the on-call consulting agreement, effective June 4, 2004, at an annual rate of $650,000.

(4) Represents non-qualified stock options granted in 2004 under the 1995 Stock Incentive Plan. The options have an exercise price of $14.48 (100% of the fair market value on the business day immediately preceding the date of grant) and an expiration date of February 4, 2014. One-third of the option became exercisable on February 4, 2005, another one-third of these options become exercisable on February 4, 2006 and the remaining one-third of these options will become exercisable on February 4, 2007.

(5) Represents non-qualified stock options granted in 2003 under the 1995 Stock Incentive Plan. The options have an exercise price of $10.00 (100% of the fair market value on the business day immediately preceding the date of the grant) and an expiration date of January 8, 2013. One-third of these options became exercisable on January 8, 2004, another one-third of these options became exercisable on January 8, 2005 and the remaining one-third of these options will become exercisable on January 8, 2006. Pursuant to the on-call employee agreement between Mr. English and Playboy effective June 4, 2004, any stock options issued to Mr. English by Playboy ceased vesting as of the effective date of the agreement. As a result, two-thirds of the options granted to Mr. English in 2003 expired as of the effective date of the on-call employee agreement.

(6) Represents non-qualified stock options granted in 2002 under the 1995 Stock Incentive Plan. The options have an exercise price of $15.700 (100% of the fair market value on the business day immediately preceding the date of the grant) and an expiration date of February 12, 2012. One-third of these options became exercisable on February 12, 2003; another one-third of these options became exercisable on February 12, 2004 and the remaining one-third of these options became exercisable on February 12, 2005.

(7) Represents non-qualified stock options granted in 2002 under the 1995 Stock Incentive Plan. The options have an exercise price of $15.850 (100% of the fair market value on the business day immediately preceding the date of the grant) and an expiration date of January 22, 2012. Half of these options became exercisable on January 22, 2003 and the remaining half of these options became exercisable on January 22, 2004.

(8) Mr. English served as Executive Vice President and President, Entertainment Group until June 2004. The options granted to Mr. English were scheduled to vest over a three year period beginning February 2005. Pursuant to the

on-call employee agreement between Mr. English and Playboy effective June 4, 2004, any stock options issued to Mr. English by Playboy ceased vesting as of the effective date of the agreement. As a result, these options expired as of the effective date of the on-call employee agreement.

Option Grants in Last Fiscal Year

	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term ($)(1)	
Name	**Number of Securities Underlying Options Granted (#)**	**Percent of Total Options Granted to Employees in Fiscal Year (%)**	**Exercise Price ($)**	**Expiration Date**	**5%**	**10%**
Christie Hefner	90,000	16.38	14.48	2/4/14	821,016	2,072,088
Hugh M. Hefner						
James F. Griffiths	45,000	8.19	14.48	2/4/14	410,508	1,036,044
Linda G. Havard	24,000	4.37	14.48	2/4/14	218,938	552,557
Alex Vaickus	18,000	3.28	14.48	2/4/14	164,203	414,418
James L. English(2)	18,000	3.28	14.48	6/4/04		

(1) The values shown are based on the assumed hypothetical compound annual appreciation rates of 5% and 10% prescribed by Securities and Exchange Commission rules. These hypothetical rates are not intended to forecast either the future appreciation, if any, of the price of Class B common stock or the values, if any, that may actually be realized upon such appreciation, and there can be no assurance that the hypothetical rates will be achieved. The actual value realized upon exercise of an option will be measured by the difference between the price of the Class B common stock and the exercise price on the date the option is exercised.

(2) These options were scheduled to vest over a three year period beginning February 2005. Pursuant to the on-call employee agreement between Mr. English and Playboy effective June 4, 2004, any stock options issued to Mr. English by Playboy ceased vesting as of the effective date of the agreement. As a result, these options expired as of the effective date of the on-call employee agreement.

Aggregate Option Exercises in Last Fiscal Year
and Fiscal Year-End Option Values

			Number of Securities Underlying Unexercised Option at Fiscal Year-End (#)(1)		Value of Unexercised In-the-Money Options at Fiscal Year-End ($)(2)	
			Exercisable	**Unexercisable**	**Exercisable**	**Unexercisable**
Name	**Shares Acquired on Exercise (#)**	**Value Realized ($)**	**Class B Common Stock**	**Class B Common Stock**	**Class B Common Stock**	**Class B Common Stock**

Christie Hefner			899,386	240,000	205,346	229,000
Hugh M. Hefner						
James Griffiths				45,000		
Linda G. Havard			186,667	57,333	58,117	76,333
Alex Vaickus			61,167	51,333	47,317	76,333
James L. English	5,500	36,575	81,667		51,892	

(1) Represents the number of shares of Class B common stock underlying options held by each person set forth below. As of December 31, 2004, there were no options on shares of Class A common stock outstanding.

(2) Calculated based on the closing price of Playboy Class B common stock on December 31, 2004 (the last business day of the fiscal year) of $12.29, less the option exercise price, multiplied by the number of shares. An option is in-the-money if the market value of the common stock subject to the option is greater than the exercise price.

Equity Compensation Plan Information

The following table sets forth information regarding outstanding options and shares reserved for future issuance as of December 31, 2004.

	Class B Common Stock		
Plan category(1)	**Number of Securities to Be Issued upon Exercise of Outstanding Options**	**Weighted Average Exercise Price of Outstanding Options**	**Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))**
	(a)	**(b)**	**(c)**
Equity compensation plans approved by security holders	3,232,720	$ 16.09	1,581,575
Total	3,232,720	$ 16.09	1,581,575

(1) Playboy has no equity compensation plans that have not been approved by stockholders.

Change In Control Agreements

To help us retain our most senior executive officers, the Board of Directors has approved Playboy entering into agreements with certain officers that provide for the payment of specified benefits if their employment terminates after a change in control of Playboy. Mr. Griffiths, Ms. Havard, Ms. Hefner, Mr. Rosenzweig and Mr. Vaickus currently are parties to such agreements. Each agreement provides that:

payments become due and benefits are provided if, within 18 months after a change in control, the officer is involuntarily terminated for reasons other than death, disability or cause, or voluntarily terminates his or her employment for a limited number of permitted reasons described in the agreement;

lump-sum cash payments will be made within ten days following termination in the following amounts:

(i) three times the sum of (A) the officer s annual base salary in effect immediately prior to the occurrence of the change in control and (B) the greater of (x) the average bonus earned by the officer for the three fiscal years prior to the year in which the change in control occurs and (y) the targeted bonus for the offer s position as set forth under Playboy s Executive Incentive Compensation Plan for the applicable year (with the greater of (x) and (y) referred to as the highest bonus); and

(ii) the sum of (A) any unpaid incentive compensation which has been allocated or awarded to the officer for a completed fiscal year or other measuring period preceding the termination and is contingent only upon the continued employment of the officer to a subsequent date and (B) a pro-rata portion of the highest bonus for the year in which termination of employment occurs;

if an agreement becomes operative, the amount of the lump-sum cash payments, as well as any other payments owed to officers by us or our affiliates, would be grossed-up to compensate the executive for the imposition of any golden parachute excise tax imposed thereon;

any restricted stock held by the officer will become fully vested and free from restrictions;

the officer will be allowed to continue his or her participation in then existing welfare benefit plans, such as medical insurance, for up to three years from the effective date of termination; and

the agreement will have an initial five-year term, automatically extended on each anniversary of its execution unless Playboy or the officer gives notice that it or the officer does not wish to extend the agreement.

These change-in-control agreements provide that a change in control takes place whenever any of the following events occur:

we liquidate or dissolve;

we sell, exchange or otherwise dispose of *Playboy* magazine;

any occurrence by which Mr. Hefner and Ms. Hefner cease, collectively, to hold, directly or indirectly, at least 50% of the stock entitled to vote generally in the election of our directors;

we merge, consolidate or reorganize, or sell all or substantially all of our assets, unless we initiate the transaction and, as a result of the transaction, persons who held not less than a majority of the combined voting power of our outstanding voting stock immediately prior to the transaction hold not less than a majority of the combined voting power of the securities of the surviving or transferee corporation;

an equity or other investment in Playboy, the result of which is that Ms. Hefner ceases to serve as our Chief Executive Officer, or relinquishes upon request or is divested of any of the following responsibilities:

(i) functioning as the person primarily responsible for establishing policy and direction for Playboy; or

(ii) being the person to whom the executive reports; or

the adoption by the Board of Directors of a resolution that a change in control has occurred.

Under the agreements, cause is defined as conviction of a crime involving dishonesty, fraud or breach of trust, or willful engagement in conduct materially injurious to Playboy.

Employment Agreements

James F. Griffiths. Effective January 8, 2004, Playboy entered into an employment agreement with Mr. Griffiths and hired Mr. Griffiths as Senior Executive Vice President, reporting to our Chief Executive Officer and serving as Playboy s most senior executive in regard to his responsibilities. Mr. Griffiths employment agreement will terminate on January 19, 2007, unless sooner terminated by us or Mr. Griffiths. The employment contract entitles Mr. Griffiths to an annual base salary of $650,000. For 2005, Mr. Griffiths annual salary has been set at $675,000. Under the employment agreement, Mr. Griffiths is eligible to participate in Board-approved incentive plans at a maximum level of 100% of his base salary. In 2004, Mr. Griffiths was guaranteed an annual bonus of 25% of his maximum potential under this plan. If Mr. Griffiths is employed on December 31, 2006, he will receive whatever incentive compensation payout he is entitled to for fiscal 2006 at the time such payout is made to other executives of Playboy, even if the payout is made after the term of the agreement. The employment agreement provides that, in each year from 2004 to 2006, Mr. Griffiths will be granted non-qualified options to purchase 45,000 shares of our Class B common stock and 15,000 restricted stock units, subject to the Playboy s stock option plan and as determined by Playboy s compensation committee, which will be consistent with the terms and conditions of grants and awards made to other executive officers of Playboy. Accordingly, Mr. Griffiths received such grants for 2004 and 2005. Mr. Griffiths also received a one-time grant of 25,000 restricted shares of our Class B common stock, which were forfeited when a specified operating income objective for 2004 was not achieved.

Under the employment agreement, in the event that we terminate the employment agreement for cause (as such term is defined in the employment agreement), Mr. Griffiths will not be entitled to any compensation or other amount from us from the effective date of the termination. In the event that the employment agreement is terminated by us without cause or by Mr. Griffiths in the event that he is asked to report to anyone other than our Chief Executive Officer, Playboy hires a President or Chief Operating Officer, his duties are materially diminished or his principal place of business is changed to a location more than 50 miles from Glendale, California, Mr. Griffiths will be entitled to receive a severance payment in the sum of

12 months of his then base salary. If Mr. Griffiths employment agreement is terminated on account of his disability or death, he (or his estate or personal representative) will be entitled to receive a payment in the sum of six months of his then base salary and a pro rata payout under the incentive compensation plan for him in the year of such termination.

Linda G. Havard. In May 2002, we agreed to severance arrangements with Ms. Havard. In the event that Ms. Havard is terminated at any time not for cause, Ms. Havard will be entitled to receive 12 months severance pay based on her salary at that time. In the event of such termination, Ms. Havard will have no duty to mitigate damages and will be free to accept other employment at her discretion.

James L. English. Effective June 4, 2004, Playboy entered into an on-call employee agreement with Mr. English in connection with the termination of his prior employment agreement. In connection therewith, Playboy paid Mr. English $650,000 relating to the termination of his prior employment agreement. The initial term of the on-call employee agreement is one year, unless sooner terminated by Playboy or Mr. English. Under the on-call employee agreement, Mr. English will provide those services reasonably requested by Playboy in connection with the production and marketing of programming for Playboy s domestic and international television networks worldwide and worldwide DVD/home video products and the associated production, programming and distribution activities related thereto. Under the on-call employee agreement, Playboy pays English for the term of the agreement at the rate of $650,000 per annum, payable on a biweekly basis in accordance with Playboy s standard payroll practices. The on-call employee agreement contains non-competition and non-solicitation provisions that are effective during the term of the agreement. The on-call employee agreement also contains indemnity and confidentiality provisions. The on-call employee agreement provides that any stock options issued to Mr. English by Playboy will cease vesting as of the effective date of the agreement and any vested but unexercised options held by Mr. English will expire ten days after the end of the term of the agreement. Mr. English will not receive or be entitled to receive any compensation under the Executive Incentive Compensation Plan for 2004 or subsequent years. As of the effective date of the on-call employee agreement, any restricted stock units granted to Mr. English were terminated. Playboy has the right to terminate the on-call employee agreement at any time only for cause immediately upon written notice to Mr. English, in which event Mr. English will not be entitled to any compensation that could have been earned after the effective date of termination. Subject to the non-competition provisions of the on-call employee agreement, Mr. English has the right to terminate the agreement at any time on not less than 60 days prior written notice only to take a full-time position.

1995 Stock Incentive Plan

The 1995 Stock Incentive Plan provides that the compensation committee may grant or issue stock options, restricted stock, deferred stock, performance awards and stock payments, or any combination of them. Awards under the 1995 Stock Incentive Plan may be granted to individuals who are then officers or other employees of Playboy or any of its present or future subsidiaries and who are determined by the compensation committee to be key employees. Notwithstanding the foregoing, Mr. Hefner is not eligible to receive options under the 1995 Stock Incentive Plan. A total of approximately 5.5 million shares of Class B common stock are authorized for issuance under the 1995 Stock Incentive Plan, of which approximately 4.2 million shares are subject to outstanding or exercised options or restricted stock awards. If any portion of an option, restricted stock grant or other award terminates or lapses unexercised or unvested, or is cancelled, the shares which were subject to the unexercised portion of option, restricted stock or other award, will again be available for issuance under the 1995 Stock Incentive Plan.

The 1995 Stock Incentive Plan contains a change of control provision. In the event of a change of control of Playboy, options that are unvested on the effective date of the change of control will become immediately exercisable. For purposes of the 1995 Stock Incentive Plan, a change of control means the occurrence of any of the following events: (i) except in a transaction described in clause (iii) below, Mr. Hefner, Ms. Hefner, the Hugh M. Hefner 1991 Trust (for so long as Mr. Hefner and Ms. Hefner are joint trustees or one of them is sole trustee), and the Hugh M. Hefner Foundation (for so long as Mr. Hefner and Ms. Hefner are joint trustees or one of them is sole trustee) cease collectively to own a majority of the total number of votes that may be cast for the election of directors of Playboy; or (ii) a sale of Playboy magazine by Playboy; or (iii) the liquidation or dissolution of Playboy, or any merger, consolidation or other reorganization of Playboy unless (x) such transaction is initiated by Playboy, and (y) is one in which the stockholders of Playboy immediately prior to the reorganization become the majority stockholders of a successor or ultimate parent corporation of Playboy resulting from the transaction and (z) in connection with the event, provision is made for an assumption of outstanding options and rights or a substitution for them of a new option or right in the successor or ultimate parent of substantially equivalent value.

PERFORMANCE GRAPH

The following graph compares the yearly percentage change in total stockholder return on our Class B common stock with the cumulative total return of the Russell 2000 Stock Index and with our peer group, which is comprised of Time Warner Inc., Meredith Corporation, Metro-Goldwyn-Mayer Inc., Playboy Enterprises, Inc., Primedia, Inc., The Walt Disney Company, World Wrestling Entertainment, Inc. and Viacom Inc.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
AMONG PLAYBOY ENTERPRISES, INC., THE RUSSELL 2000 INDEX AND A PEER GROUP

* $100 invested on 12/31/99 in stock or index including reinvestment of dividends. Fiscal year ending December 31.

TRANSACTIONS WITH MANAGEMENT

Playboy owns a 29-room mansion, commonly known as the Playboy Mansion, located on five and one-half acres in Los Angeles, California. The Playboy Mansion is used for various corporate activities, including serving as a valuable location for video production, magazine photography, online events, and sales events. It also enhances Playboy s image as host for many charitable and civic functions. The Playboy Mansion generates substantial publicity and recognition which increases public awareness of Playboy and Playboy s products and services. Facilities at the Playboy Mansion include a tennis court, swimming pool, gymnasium and other recreational facilities as well as extensive film, video, sound and security systems. The Playboy Mansion also includes accommodations for guests and serves as an office and residence for Hugh M. Hefner, our founder and Editor-in-Chief. The Playboy Mansion has a full-time staff which performs maintenance, serves in various capacities at the functions held at the Playboy Mansion and provides guests of Playboy and Mr. Hefner with meals, beverages and other services.

Under a 1979 lease Playboy entered into with Mr. Hefner, the annual rent Mr. Hefner pays to us for his use of the Playboy Mansion is determined by independent experts who appraise the value of Mr. Hefner s basic accommodations and access to the Playboy Mansion s facilities, utilities and attendant services based on comparable hotel accommodations. In addition, Mr. Hefner is required to pay the sum of the per-unit value of non-business meals, beverages and other benefits he and his personal guests receive. These standard food and beverage per-unit values are determined by independent expert appraisals based on fair market values. Valuations for both basic accommodations and standard food and beverage units are reappraised every three years, and between appraisals are annually adjusted based on appropriate consumer price indexes. Mr. Hefner is also responsible for the cost of all improvements in any Hefner residence accommodations, including capital expenditures, that are in excess of normal maintenance for those areas.

Mr. Hefner s usage of Playboy Mansion services and benefits is recorded through a system initially developed by the auditing and consulting firm of PricewaterhouseCoopers LLP and now administered by Playboy, with appropriate modifications approved by the audit and compensation committees of the Board of Directors. The lease dated June 1, 1979, as amended, between Mr. Hefner and Playboy renews automatically at December 31 each year and will continue to renew unless either Playboy or Mr. Hefner terminate it. The rent charged to Mr. Hefner during 2004 included the appraised rent and the appraised per-unit value of other benefits, as described above. Within 120 days after the end of Playboy s fiscal year, the actual charge for all benefits for that year is finally determined. Mr. Hefner pays or receives credit for any difference between the amount finally determined and the amount he paid over the course of the year. We estimated the sum of the rent and other benefits payable for 2004 to be $1.3 million, and Mr. Hefner paid that amount during 2004.

Playboy purchased the Playboy Mansion in 1971 for $1.1 million and in the intervening years has made substantial capital improvements at a cost of $13.8 million through 2004 (including $2.5 million to bring the Hefner residence accommodations to a standard similar to the Playboy Mansion s common areas). The Playboy Mansion is included in Playboy s Consolidated Balance Sheet at December 31, 2004 at a net book value of $1.6 million, including all improvements and after accumulated depreciation. Playboy incurs all operating expenses of the Playboy Mansion, including depreciation and taxes, which were $3.0 million in 2004, net of rent received from Mr. Hefner.

From time to time, Playboy enters into barter transactions in which Playboy secures air transportation for Mr. Hefner in exchange for advertising pages in *Playboy* magazine. Mr. Hefner reimburses Playboy for the direct costs of providing these ad pages. Playboy receives significant promotional benefit from these transactions. There were no such transactions in 2004.

In May 2003, we exchanged shares of Series A preferred stock of our subsidiary, PEI Holdings, Inc., held by Mr. Hefner with an aggregate stated value of $10.0 million, plus accumulated dividends, for 1,122,209 shares of our Class B common stock and exchanged shares of Series B preferred stock of PEI Holdings, Inc. held by Mr. Hefner with an aggregate stated value of $16.7 million for 1,674 shares of preferred stock of Playboy with an aggregate stated value of $16.7 million, in each case pursuant to the terms of an exchange agreement between Playboy, PEI Holdings, Inc., Playboy.com, Inc. and Mr. Hefner and the

certificates of designations governing the Series A and Series B preferred stock of PEI Holdings, Inc. The Playboy preferred stock accrued dividends at a rate of 8.00% per annum, which were paid semi-annually. The Playboy preferred stock was convertible at the option of Mr. Hefner, as the holder, into shares of our Class B common stock at a conversion price of $11.2625, which was equal to 125% of the weighted average closing price of our Class B stock over the 90-day period prior to the exchange of the PEI Holdings Series B preferred stock for the Playboy preferred stock.

On April 20, 2004, Playboy, Mr. Hefner and Ms. Hefner entered into an underwriting agreement with the underwriters of our public offering that closed on April 26, 2004. Included in the offering were 4,385,392 shares sold by Playboy, 1,485,948 shares sold by Mr. Hefner and 150,000 shares sold by Ms. Hefner. The shares sold by Mr. Hefner consisted of all of the shares of Class B common stock he received upon conversion, at the time of the offering, of all of the outstanding shares of Playboy preferred stock. Mr. Hefner and Ms. Hefner paid for expenses related to this transaction proportionate to the number of shares each sold to the total number of shares sold in the offering.

CERTAIN BUSINESS RELATIONSHIPS

The law firm of Arnold & Porter provided legal services to Playboy for which we paid $47,418 during 2004. Mr. Rosenthal is Of Counsel to the Los Angeles office of Arnold & Porter.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The members of the compensation committee during 2004 were Messrs. Rosenthal (Chairman), Drapkin and Pillar, none of whom has (i) served at any time as an officer or employee of Playboy or our subsidiaries, (ii) any relationship with Playboy or our subsidiaries other than service as a director or (iii) received any compensation from Playboy or our subsidiaries other than in his capacity as a member of the Board of Directors or a committee thereof.

None of our executive officers served as a member of the compensation committee of another entity, or as a director of another entity, one of whose executive officers served on the compensation committee of Playboy.

REPORT OF THE AUDIT COMMITTEE

The audit committee of the Board of Directors is currently made up of Messrs. Chemerow (who is the Chairman), Bookshester and Kern. As set forth in more detail in the audit committee s charter, the primary responsibilities of Playboy s audit committee fall into three broad categories:

- to serve as an independent and objective party to monitor Playboy s financial reporting process and internal control system;
- to review and appraise the audit efforts of Playboy s independent registered public accounting firm and internal auditing function; and
- to provide an open avenue of communication among the independent registered public accounting firm, financial and senior management, the internal auditing function, and the Board of Directors.

The audit committee has implemented procedures to ensure that during the course of each fiscal year it devotes the attention that it deems necessary or appropriate to each of the matters assigned to it under the audit committee s charter. To carry out its responsibilities, the audit committee met seven times during 2004.

In overseeing the preparation of Playboy s financial statements, the audit committee met with both management and Playboy s independent registered public accounting firm to review and discuss all financial statements prior to their issuance and to discuss significant accounting issues. Management advised the audit committee that all financial statements were prepared in accordance with generally accepted accounting principles, and the audit committee discussed the statements with both management and the independent registered public accounting firm. The audit committee s review included discussion with the independent registered public accounting firm of matters required to be discussed pursuant to Statement on Auditing Standards No. 61 (Communication with Audit Committees), Securities and Exchange Commission rules and other professional standards.

With respect to Playboy s independent registered public accounting firm, the audit committee has received and reviewed the written disclosures and the letter from Ernst & Young LLP required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), as amended, and has discussed with the independent registered public accounting firm the firm s independence.

The audit committee has also considered whether the provision of services by Ernst & Young LLP that are not related to the audit of the financial statements referred to above is compatible with maintaining Ernst & Young LLP s independence.

Based on the reviews and discussions referred to above, the audit committee recommended to the Board of Directors that the financial statements referred to above be included in Playboy s Annual Report on Form 10-K for the year ended December 31, 2004, for filing with the Securities and Exchange Commission. The audit committee also selected Ernst & Young LLP to serve as Playboy s independent registered public accounting firm for 2005. The Board of Directors is recommending that stockholders ratify that appointment at the annual meeting.

Management is responsible for the financial reporting process, including the system of internal controls, and for the preparation of consolidated financial statements in accordance with generally accepted accounting principles. Playboy s independent registered public accounting firm is responsible for auditing those financial statements.

Members of the committee rely, without independent verification, on the information provided to them and on the representations made by management and the independent registered public accounting firm.

Submitted by the audit committee:

David I. Chemerow (Chairman)
Dennis S. Bookshester
Jerome H. Kern

The foregoing Report of the Audit Committee shall not be deemed to be soliciting material or to be filed with the Securities and Exchange Commission, nor shall the Report be deemed to be incorporated by reference in any previous or future documents filed by Playboy with the Securities and Exchange Commission under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically request the Report to be treated as soliciting material or specifically incorporate the Report by reference in any such document.

PROPOSAL NO. 2
APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2005

The audit committee has appointed Ernst & Young LLP to serve as our independent registered public accounting firm for 2005. The Board of Directors is recommending that stockholders ratify that appointment at the annual meeting. Ernst & Young LLP served as our independent registered public accounting firm for the fiscal years ended December 31, 2004 and 2003. Representatives of Ernst & Young LLP will be present at the Annual Meeting and will be available to respond to questions from stockholders and to make a statement, should they wish to do so. Although we are not required to seek stockholder approval of the appointment of our independent registered public accounting firm, we believe it to be sound corporate governance to do so. If the appointment of Ernst & Young LLP is not ratified by the stockholders, our audit committee will investigate the reasons for the stockholder rejection and will consider appointing a different independent registered public accounting firm.

The following table sets forth in more detail the fees incurred for the professional services of Ernst & Young LLP in 2004 and 2003.

	2004	2003
Audit Fees(1)	$ 971,000	$ 715,000
Audit-Related Fees(2)	17,000	321,000
Tax Fees(3)	279,000	147,000
All Other Fees(4)		

(1) Audit fees include fees for professional services rendered for the audit of our annual consolidated financial statements and review of our financial statements included in our Quarterly Reports on Form 10-Q, for an audit of our internal control over financial reporting in connection with Section 404 of the Sarbanes-Oxley Act of 2002 and for other services that are normally provided by our independent registered public accounting firm in connection with statutory and regulatory filings or engagements, including services provided in connection with our public equity offering in 2004 and the offering of senior secured notes by PEI Holdings, Inc. in 2003.

(2) Audit-related fees include fees for assurance and related services that are reasonably related to the performance of the audit and review of our financial statements, other than those services described under Audit Fees. These fees were primarily for services in connection with employee benefit plan audits, due diligence and accounting consultations not classified as part of the audit services.

(3) Tax fees consist of services performed by our independent registered public accounting firm s tax division, except those related to the audit, and include fees for tax compliance, including foreign subsidiary tax return preparation, tax planning and tax advice.

(4) There were no fees billed for other services rendered by our independent registered public accounting firm that would be included in All Other Fees for the year ended December 31, 2004 or December 31, 2003.

The audit committee is responsible for the appointment, retention, compensation and oversight of our independent registered public accounting firm. The audit committee has adopted policies and procedures for pre-approving services (audit and non-audit) performed by the independent registered public accounting firm. In accordance with such policies and procedures, the audit committee is required to pre-approve the audit and non-audit services performed by the independent registered public accounting firm in order to assure that the provision of such services do not impair the firm s independence. These services may include audit services, audit-related services, tax services and other services. Unless a type of service to be provided by our independent registered public accounting firm has received general pre-approval, it will require specific pre-approval by the audit committee. Any proposed services exceeding pre-approved cost levels will require specific pre-approval by the audit committee. The audit committee has delegated to the Chairman of the audit committee specific pre-approval authority provided that the estimated fee for any such engagement is de minimis. The Chairman of the audit committee must report, for information purposes only, any pre-approval decisions to the audit committee at its next scheduled meeting. Requests or applications to provide services that require separate approval by the audit committee shall be submitted to the audit committee by both the independent registered public accounting firm and our Chief Financial Officer and must include a joint statement as to whether, in their view, the request or application is consistent with the Securities and Exchange Commission s rules on independence.

With respect to each proposed pre-approved service, our independent registered public accounting firm must provide detailed back-up documentation regarding the specific services to be provided. Periodically, but not less than quarterly, our Chief Financial Officer will provide the audit committee with a report of audit and non-audit services provided and expected to be provided by our independent registered public accounting firm. All of the services of Ernst & Young LLP in 2004 described above were pre-approved by our audit committee in accordance with our Audit and Non-Audit Services Policy.

OTHER INFORMATION

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our officers and directors and persons who own more than 10% of a registered class of our equity securities to file reports of ownership and changes in ownership with the Securities and Exchange Commission, the New York Stock Exchange and the Pacific Exchange. Officers, directors and greater than 10% beneficial owners are required by Securities and Exchange Commission regulations to furnish us with copies of all Section 16(a) forms that they file. Based solely on our review of the copies of the forms we have received and on written representations from certain reporting persons that no other reports were required during 2004, all of our officers, directors and greater than 10% beneficial owners complied with their Section 16(a) filing requirements, except that a From 4 for each of Ms. Hefner and Mr. Hefner reporting the sale of shares was not timely filed.

Stockholder Proposals for the 2006 Annual Meeting

If you wish to submit a proposal for us to consider for inclusion in our 2006 proxy materials and for presentation at our 2006 Annual Meeting of Stockholders, you must send the proposal so that we receive it no later than December 9, 2005, unless the 2006 Annual Meeting will be held on a date that is more than 30 days before or after May 11, 2006, the anniversary of the date of the 2005 Annual Meeting, in which case we must receive your proposal within a reasonable time before we mail the proxy materials for the 2006 Annual Meeting. Stockholder proposals to be presented at our 2006 Annual Meeting of Stockholders that are not intended to be considered for inclusion in our 2006 proxy materials must be received by us no later than February 22, 2006. Stockholder proposals received after that date will be considered untimely. Proposals should be addressed to the Secretary, Playboy Enterprises, Inc., 680 North Lake Shore Drive, Chicago, Illinois 60611. We recommend that you send your stockholder proposals via certified mail, return receipt requested, so that you will have confirmation of the date we received your proposal.

Playboy s Annual Report and Financial Information

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2004 has been filed with the Securities and Exchange Commission, including financial statements and the certifications of our Chief Executive Officer and Chief Financial Officer required to be filed as exhibits to the Form 10-K under Section 302 of the Sarbanes-Oxley Act of 2002. You may obtain our Annual Report on Form 10-K over the Internet at the Securities and Exchange Commission s website, www.sec.gov. In addition, we submitted to the New York Stock Exchange and the Pacific Exchange the required annual certifications of our Chief Executive

Officer relating to compliance by us with the exchanges corporate governance listing standards. Copies of these certifications are available to stockholders upon written request addressed to Investor Relations, Playboy Enterprises, Inc., 680 North Lake Shore Drive, Chicago, Illinois 60611.

Expenses of Solicitation

We are soliciting proxies primarily by mailings such as this one, but we may also solicit proxies personally and by telephone calls placed by our officers and employees (without additional compensation). We will bear the expenses of all solicitations, which may also include the reimbursement of brokerage firms, nominees, custodians and fiduciaries for their out-of-pocket expenses incurred in forwarding proxy materials to beneficial owners of our common stock and seeking instruction from those beneficial owners with respect to the proxy materials.

Other Business

As of the date of these proxy materials, management knows of no other business that will be presented for consideration at the Annual Meeting.

PROXY **PLAYBOY ENTERPRISES, INC.** **PROXY**

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS FOR THE 2005 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 11, 2005

The undersigned hereby constitutes and appoints CHRISTIE HEFNER and HOWARD SHAPIRO, and each of them, as Proxies, each with full power of substitution, and hereby authorizes each of them to represent and to vote, as designated on the reverse side, all of the shares of Class A Common Stock of PLAYBOY ENTERPRISES, INC. registered in the name of the undersigned, as of March 14, 2005, at the 2005 Annual Meeting of Stockholders of Playboy Enterprises, Inc. to be held May 11, 2005 and at any and all adjournments or postponements of that meeting. The undersigned hereby further authorizes such Proxies to vote in their discretion upon such other matters as may properly come before such Annual Meeting and at any and all adjournments or postponements thereof. Receipt of the Notice of the 2005 Annual Meeting of Stockholders and Proxy Statement is hereby acknowledged.

The right to revoke this proxy at any time before it is voted is reserved. When properly executed, this proxy will be voted or withheld in accordance with the specifications made in this proxy. **IF NOT OTHERWISE SPECIFIED, THIS PROXY WILL BE VOTED FOR THE ELECTION OF MS. HEFNER AND MESSRS. BOOKSHESTER, CHEMEROW, DRAPKIN, KERN, PILLAR, ROSENTHAL AND ROSENZWEIG AS DIRECTORS; FOR RATIFICATION OF THE SELECTION OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2005; AND IN THE DISCRETION OF THE PROXIES UPON SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE ANNUAL MEETING.**

(Continued, and to be marked, signed and dated, on other side)

5 **FOLD AND DETACH HERE** 5

PLAYBOY ENTERPRISES, INC.

PLEASE MARK VOTE IN OVAL IN THE FOLLOWING MANNER USING DARK INK ONLY. 1

The Board of Directors recommends a vote FOR proposals (1) and (2):

1.	**Election of Directors: Nominees:** **01-D. Bookshester, 02-D. Chemerow, 03-D. Drapkin, 04-C. Hefner, 05-J. Kern, 06-R. Pillar, 07-S. Rosenthal, 08-R. Rosenzweig.**	**For All** ¡	**Withheld All** ¡	**For All Except** ¡
	To withhold authority to vote for one or more (but less than all) nominees, write such nominee(s) name below and mark For All Except to the right.			

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2.	**To ratify the selection of Ernst & Young LLP as Playboy Enterprises, Inc. s independent registered public accounting firm for 2005.**	**For** ¡	**Against** ¡	**Abstain** ¡

The Proxies are authorized to vote in their discretion upon such other matters as may properly come before the meeting.

Dated: ____________________, 2005

Signature(s)____

The signature to this proxy should conform exactly to the name as shown. When shares are held by joint tenants, all such tenants must sign. When signing as attorney, executor, administrator, trustee, guardian or other similar capacity, please give your full title as such. If the signature is by a corporation, a duly authorized officer of the corporation should sign in full the corporate name. If the signature is by a partnership, a partner should sign the full partnership name.

5 **FOLD AND DETACH HERE** 5

YOUR VOTE IS IMPORTANT!

PLEASE MARK, SIGN, DATE AND MAIL THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.