

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

PLAYBOY ENTERPRISES INC

CIK: **1072341** | IRS No.: **364249478** | State of Incorporation: **DE** | Fiscal Year End: **1231**
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SIC: **4841** Cable & other pay television services

Mailing Address

680 NORTH LAKE SHORE DR
CHICAGO IL 60611

Business Address

680 NORTH LAKE SHORE
DRIVE
CHICAGO IL 60611
3127518000

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 15, 2004

Playboy Enterprises, Inc.

(Exact name of registrant as specified in its charter)

Delaware

001-14790

36-4249478

(State or other jurisdiction of
incorporation)

(Commission File Number)

(IRS Employer
Identification No.)

680 North Lake Shore Drive, Chicago, Illinois 60611

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (312) 751-8000

Not applicable.

(Former name or former address, if changed since last report.)

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

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

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

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

Section 1--Registrant's Business and Operations

Item 1.01. Entry into a Material Definitive Agreement.

On September 15, 2004, we entered into an amendment, effective as of September 1, 2004, of our Credit Agreement, dated March 11, 2003, as previously amended July 30, 2004, among PEI Holdings, Inc. (a wholly-owned subsidiary of Playboy Enterprises, Inc.), each lender from time to time party thereto and Bank of America, N.A., as agent for the lenders thereunder. The amendment increased the size of our revolving credit facility under the credit agreement from \$20.0 million to \$30.0 million, which may consist of revolving borrowings, letters of credit or a combination of both. The amendment also extended the maturity date of the facility from March 11, 2006 to September 1, 2007, adjusted applicable interest-rate margins and commitment fees, modified the liquidity requirements for prepaying specified non-credit-agreement indebtedness and increased our ability to make capital expenditures under the applicable financial covenant. In connection with the amendment of the credit agreement, the March 11, 2003 deed of trust executed by Playboy Enterprises International, Inc. (a wholly-owned subsidiary of Playboy Enterprises, Inc.) in favor of Fidelity National Title Insurance Company for the benefit of Bank of America, N.A., as agent for the lenders under the credit agreement, was amended on September 15, 2004 to reflect the extension of the maturity date and the increase in the size of the revolving credit facility under the credit agreement.

Copies of the September 15, 2004 credit agreement amendment and the related deed of trust amendment are filed as Exhibits 99.1 and 99.2, respectively, to this current report on Form 8-K.

Section 9--Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

Exhibit

Number

Description

99.1 Second Amendment, dated September 15, 2004, to the Credit Agreement, dated March 11, 2003 (the "Credit Agreement"), among PEI Holdings, Inc., each lender from time to time party thereto and Bank of America, N.A., as Agent.

99.2 First Amendment, dated as of September 15, 2004, to Deed of

Trust with Assignment of Rents, Security Agreement and Fixture Filing, dated as of March 11, 2003, made and executed by Playboy Enterprises International, Inc. in favor of Fidelity National Title Insurance Company for the benefit of Bank of America, N.A., as agent for the lenders under the Credit Agreement.

SIGNATURES

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

PLAYBOY ENTERPRISES, INC.

September 17, 2004

By: /s/ Linda G. Havard

Linda G. Havard
Executive Vice President,
Finance and Operations, and
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number -----	Description -----
99.1	Second Amendment, dated September 15, 2004, to the Credit Agreement, dated March 11, 2003 (the "Credit Agreement"), among PEI Holdings, Inc., each lender from time to time party thereto and Bank of America, N.A., as Agent.
99.2	First Amendment, dated as of September 15, 2004, to Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing, dated as of March 11, 2003, made and executed by Playboy Enterprises International, Inc. in favor of Fidelity National Title Insurance Company for the benefit of Bank of America, N.A., as agent for the lenders under the Credit Agreement.

SECOND AMENDMENT TO CREDIT AGREEMENT

September 15, 2004

PEI Holdings, Inc.
680 North Lakeshore Drive
Chicago, Illinois 60611

Ladies and Gentlemen:

Reference is hereby made to that certain Credit Agreement, dated as of March 11, 2003, among PEI Holdings, Inc., a Delaware corporation ("Borrower"), the financial institutions from time to time a party thereto ("Lenders"), and Bank of America, N.A., as Agent for the Lenders ("Agent") (as amended to date, the "Credit Agreement"). Unless otherwise defined herein, capitalized terms used herein shall have the meanings provided to such terms in the Credit Agreement.

Borrower has requested that Lenders agree to amend the Credit Agreement in certain respects and Lenders have agreed to such amendments, on the terms, and subject to the conditions, contained herein.

Therefore, Borrower and Lenders hereby agree as follows:

1. Amendment. Subject to the satisfaction of the conditions set forth in Section 3 hereof, the Credit Agreement is hereby amended as follows:

(a) Schedule 2.01 of the Credit Agreement is amended and restated as set forth on Exhibit A hereto.

(b) The definitions of the terms "Applicable Rate", "Liquidity Test" and "Maturity Date" contained in Section 1.01 of the Credit Agreement are amended and restated as follows:

"Applicable Rate" means, from time to time, the following percentages per annum, based upon Playboy's Adjusted EBITDA (the "Financial Covenant") as set forth in the most recent quarterly Compliance Certificate received by Agent pursuant to Section 6.02(b):

<TABLE>
<CAPTION>

Applicable Rate				
Pricing Level	Financial Covenant	Commitment Fee	IBOR Committed Loans and Letter of Credit Fees	Base Rate Committed Loans
<S>	<C>	<C>	<C>	<C>
1	Greater than \$35,000,000	0.375%	1.50%	.00%
2	Greater than \$30,000,000, but less than or equal to \$35,000,000	0.375%	2.00%	.50%
3	Greater than \$25,000,000, but	0.375%	2.25%	.75%

	less than or equal to \$30,000,000			
4	Greater than \$20,000,000, but less than or equal to \$25,000,000	0.375%	2.50%	1.00%
5	Less than or equal to \$20,000,000	0375%	3.00%	1.50%

</TABLE>

The Applicable Margin will be in effect from the first day of the month following the delivery date of each quarterly Compliance Certificate (an "Adjustment Date") until the first day of the month following the delivery date of the next quarterly Compliance Certificate. The Applicable Rate in effect from September 1, 2004 through November 5, 2004 shall be determined based upon Pricing Level 3. If no Compliance Certificate is delivered when due in accordance with Section 6.02(b), the then-applicable Pricing Level will remain in effect until actual delivery of such Compliance Certificate, at which time the Pricing Level will be adjusted retroactive to the applicable Adjustment Date.

"Liquidity Test" means that, after giving effect to the payment subject to the Liquidity Test, the sum of (i) cash and Cash Equivalents of Playboy and its Domestic Restricted Subsidiaries at such time and (ii) the amount of Available Revolver at such time, exceed \$10,000,000.

"Maturity Date" means September 1, 2007.

(c) Section 6.09(c) of the Credit Agreement is amended by deleting the amount "Seven Million Dollars (\$7,000,000)" and replacing it with the amount "Ten Million Dollars (\$10,000,000)".

(d) Section 7.08 of the Credit Agreement is amended by deleting clause (d) thereof and replacing it with the following phrase "(d) optional prepayments in respect of the Senior Secured Note Debt at any time after April 11, 2006, so long as (i) no Event of Default is in existence at the time of such payment and (ii) after making such payment, Borrower has satisfied the Liquidity Test."

2. Scope. Except as amended hereby, the Credit Agreement remains unchanged and in full force and effect.

3. Effectiveness. This Second Amendment to Credit Agreement shall be effective as of September 1, 2004 when executed by Lenders and Agent and agreed to by Borrower and returned to Agent, together with (i) payment to Agent of an amendment fee equal to \$75,000 for the ratable benefit of Lenders and (ii) each of the documents set forth on Exhibit B hereto, all fully executed.

4. Counterparts. This Second Amendment to Credit Agreement may be executed in one or more counterparts, each of which shall constitute an original, but all of which taken together shall be one and the same instrument.

5. Governing Law. THIS SECOND AMENDMENT TO CREDIT AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ILLINOIS APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE; PROVIDED THAT BORROWER, AGENT AND EACH LENDER SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

Very truly yours,

BANK OF AMERICA, N.A., as Agent

By /s/ David A. Johanson

Its David A. Johanson
Vice President

BANK OF AMERICA, N.A., as a Lender

By /s/ Craig W. McGuire

Its CRAIG W. MCGUIRE
VICE PRESIDENT

LASALLE BANK NATIONAL ASSOCIATION,
as a Lender

By /s/ Kyle Freimuth

Its KYLE FREIMUTH
VICE PRESIDENT

ACKNOWLEDGED AND AGREED TO
THIS 15 DAY OF SEPTEMBER, 2004:

PEI HOLDINGS, INC., as Borrower

By /s/ Robert D. Campbell

Its Robert D. Campbell, Treasurer

EXHIBIT A

SCHEDULE 2.01

COMMITMENTS
AND PRO RATA SHARES

Lender	Commitment	Pro Rata Share
-----	-----	-----
Bank of America, N.A.	\$15,000,000	50%
LaSalle Bank National Association	\$15,000,000	50%
	-----	----
Total	\$30,000,000	100%

EXHIBIT B

Closing Deliveries

1. Reaffirmation by each Guarantor of its Guaranty of the Obligations.
2. Amended and Restated Note executed by Borrower in favor of each Lender.
3. Amendment to Deed of Trust covering the Playboy Mansion executed by Playboy Enterprises International, Inc. ("PEII").
4. Date down endorsement to title insurance policy.
5. Certified articles of incorporation of each of Borrower and PEII.

6. Good standing certificates for each of Borrower and PEII in its state of incorporation.
7. Certificate of Compliance with Senior Secured Note Indenture executed by Borrower.
8. Opinion of counsel to Borrower and PEII.

This instrument prepared by and
after recording return to:

Carole K. Towne, Esq.
GOLDBERG, KOHN, BELL, BLACK,
ROSENBLOOM & MORITZ, LTD.
55 East Monroe Street
Suite 3700
Chicago, Illinois 60603
(312) 201-4000

FIRST AMENDMENT TO DEED OF TRUST WITH ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING
(Los Angeles County, California)

THIS FIRST AMENDMENT TO DEED OF TRUST WITH ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING ("Amendment"), is made as of September
15, 2004, by and between PLAYBOY ENTERPRISES INTERNATIONAL, INC., a Delaware
corporation ("Trustor"), and BANK OF AMERICA, N.A., as Agent ("Agent") for
various lenders ("Lenders").

RECITALS

A. Pursuant to the terms of a certain Credit Agreement dated as of
March 11, 2003 (said Credit Agreement, together with all amendments,
supplements, modifications and replacements thereof, being hereinafter
referred to as the "Credit Agreement"), Agent and Lenders agreed to make loans
to PEI HOLDINGS INC. ("Borrower") and extend other financial accommodations to
Borrower in an aggregate amount of \$30,000,000, consisting of (i) revolving
loans in an aggregate principal amount not to exceed \$20,000,000 (the "Loans")
with a maturity date of March 11, 2006, and (ii) obligations of Borrower under
certain Swap Contracts (as defined in the Credit Agreement) not to exceed
\$10,000,000 (the "Swap Obligations"). Trustor, among others, has executed and
delivered to Agent and Lenders a certain Master Corporate Guaranty dated as of
March 11, 2003 (said Master Corporate Guaranty, together with all amendments,
supplements, modifications and full or partial replacements thereof, being
hereinafter referred to the "Guaranty"), guarantying the obligations of
Borrower to repay the Loans and the Swap Obligations. The Guaranty is secured
by a certain Deed of Trust with Assignment of Rents, Security Agreement and
Fixture Filing dated as of March 11, 2003 and recorded with the Recorder's
Office in Los Angeles County, California on March 13, 2003 in the Official
Records as Instrument No. 03 0717740 (the "Deed of Trust").

B. Concurrently herewith, Borrower, Agent and Lenders are entering

into a certain Second Amendment to Credit Agreement of even date herewith, pursuant to which, among other things, the Loans are being increased from \$20,000,000 to \$30,000,000 (the "Amended Loans") and the maturity date is being extended to September 1, 2007. The notes evidencing the Loans are being amended and restated in their entirety by one or more notes in the aggregate principal amount of \$30,000,000 (said notes, together with all amendments, supplements, modifications and replacements thereof, being hereinafter referred to as the "Amended Notes"). Trustor has executed and delivered to Agent a certain Reaffirmation of Guaranty of even date herewith.

C. The parties hereto now desire to amend the Deed of Trust to secure the increase in the obligations secured by the Guaranty.

AGREEMENTS

1. The Recitals hereto are hereby incorporated by this reference into the Deed of Trust.

2. The Deed of Trust is hereby amended to secure the increased amount of the obligations secured by the Guaranty.

3. All references in the Deed of Trust to the "Loans" shall mean the Amended Loans.

4. All references in the Deed of Trust to the "Notes" shall mean the Amended Notes.

5. The Deed of Trust is hereby amended to conform to the provisions hereof. Except as modified hereby, the Deed of Trust shall remain in full force and effect in accordance with its original terms.

6. Trustor hereby acknowledges, agrees and reaffirms the Deed of Trust, as hereby amended, as security for the Guaranty of indebtedness in the maximum aggregate principal amount of \$40,000,000, and Trustor further acknowledges, agrees and reaffirms that the Deed of Trust retains a first lien priority on the real estate encumbered by the Deed of Trust, subject only to the Permitted Encumbrances (as defined in the Deed of Trust).

IN WITNESS WHEREOF, the undersigned have executed this Amendment on the date first above written.

PLAYBOY ENTERPRISES INTERNATIONAL,
INC., a Delaware corporation

By /s/ Robert D. Campbell

Print Name Robert D. Campbell

Its SVP and Treasurer

BANK OF AMERICA, N.A., as Agent

By /s/ David A. Johanson

Print Name David A. Johanson

Its Vice President

ACKNOWLEDGMENT

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On September 15 , 2004, before me, Susan A. Tario , a Notary Public, personally appeared Robert D. Campbell , the SVP and Treasurer of PLAYBOY ENTERPRISES INTERNATIONAL, INC., a Delaware corporation, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Susan A. Tario

Notary Public

(SEAL) "OFFICIAL SEAL"

SUSAN A. TARIO

Notary Public, State of Illinois

My Commission Expires 11-24-2007

ACKNOWLEDGMENT

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On September 14 , 2004, before me, Maria Paggao , a Notary Public, personally appeared David A. Johanson , the vice president of BANK OF AMERICA, N.A., who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

/s/ Maria Paggao

Notary Public

(SEAL) OFFICIAL SEAL
MARIA PAGGAO

NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 02-01-2005

Exhibit A

Legal Description

Parcel 1:

All that portion of Lot 33, of Tract No. 9061, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 121 Page(s) 64 to 66 of maps, in the office of the County Recorder of said County, lying Southeasterly of a line parallel with and distant 40 feet Northwesterly, measured at right angles from the Southeasterly line of said Lot 33.

Parcel 2:

Lot 34, of Tract No. 9061, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 121 Page(s) 64 to 66 of maps, in the office of the County Recorder of said County.

Said Parcels 1 and 2 are described as a whole as follows:

Beginning at the Southeasterly corner of said Lot 34; thence South 69(degree) 25' 00' West 486.35 feet to a point on the Northeasterly right of way line of Mapleton Drive; thence North 59(degree) 21' 40" West along the Northeasterly right of way line line of Mapleton Drive, a distance of 13.00 feet to the beginning of a tangent curve, concave Northeasterly having a radius of 448.78 feet; thence Northeasterly along said curve through a central angle of 24(degree) 17' 15" an arc length 190.24 feet to the most Westerly corner of of said Lot 34; thence North 26(degree) 21' 56" East 483.11 feet to a point in the Southwesterly right of way line of Charing Cross Road; thence South 77(degree) 40' 30" East along the Southwesterly right of way line of Charing Cross Road a distance of 121.65 feet to the beginning of a tangent curve, concave Northwesterly having a radius of 80.00 feet; thence easterly and Northeasterly along said curve through a central angel of 64(degree)40' 43" an arc length of 90.31 feet; thence South 87(degree) 29' 00" East 41.18 feet to the Northeast corner of said Lot 34; thence South 20(degree) 35' 00" East along the Easterly line of of said Lot 34, a distance of 426.09 feet to the point of beginning.

Assessor's Parcel No: 4359-013-025