PREMIER EXHIBITIONS INCORPORATED

Moderator: Craig Stewart
May 11, 2007
8:00 a.m. CT

Operator: Good day everyone and welcome to the Premier Exhibitions Incorporated Fourth Quarter and 2007 Year-End Earnings Release Conference Call. Just as a reminder, today's conference is being recorded.

And now for opening remarks and introductions, I'd like to turn the conference over to Mr. Craig Stewart. Please go ahead, sir.

Craig Stewart: Thank you, Shelly. Good morning everyone and thank you for joining us. As you all know, I will now read the forward-looking Safe Harbor Statement as ((inaudible)) for the phone call.

Certain of the statements contained in this conference call contain – will contain forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements are within the meaning of that term in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended. Premier Exhibitions Incorporated has based their forward-looking statements on their current expectations and projections about future events based on the information currently available to them.

The forward-looking statements contained in this conference call may also include statements relating to Premier Exhibitions' anticipated financial performance, business prospects, new developments, new strategies and similar matters. Certain of the factors described in Premier Exhibitions Incorporated's filings with the Securities and Exchange Commission including the section of its annual report on form 10K for the year ended February 28th, 2007, entitled Risk Factors may affect the future results of Premier Exhibitions and cause those results to differ materially from those expressed in the forward-looking statements made in this conference call. Premier Exhibitions disclaims any obligation to update any of its forward-looking statements except as may be required by law.

Also, during the course of this conference today, which will be recorded and made available via transcript on the company's web site at www.prxi.com, the company will also be making statements about non-GAAP measures as it pertains to their accounting procedures.

At this time, I'd like to introduce the President and Chief Executive Officer of the company, Mr. Arnie Geller.

Arnie Geller: Thank you, Craig and good morning everybody. I'm very pleased to announce as released earlier this morning that the company will officially be operating 11 BODIES exhibitions and will be fully up and running on all 11 by the end of June. We're very pleased, of course, and enthusiastic about the fact that we have gone now from six BODIES exhibitions to a total of 11 BODIES exhibitions, and I'll be giving you more details later on in the call.

The second announcement, of course, is that we're also pleased to announce that our guidance to 40 cents has been achieved and Steve Couture, our Chief Financial Officer, will now wrap up our fiscal year ending 2007 and give you more of those details. Steve?

Steve Couture: Thank you, Arnie. Good morning, everyone. I'd like to start out by pointing out some significant financial performance indicators year-over-year comparing fiscal 2006 to fiscal 2007.

Revenue growth was 131 percent year-over-year. EBITDA, a non-GAAP measure, grew 285 percent year-over-year. Pre-tax income experienced 345 percent growth. Pre-tax earnings per share grew 306 percent. Cash provided by operating activities experienced 439 percent growth. Free cash flow, another non-GAAP measure, grew 151 percent year-over-year. Cash balances grew 307 percent. Working capital grew 222 percent year-over-year. These results are all reflective of the strength of Premier Exhibitions. The income generation capabilities over the last year are substantial, and we expect this growth to continue as we expand our operations and develop new exhibition opportunities.

Now let's look at the fourth quarter results. During the fourth quarter we had revenues of 10 million, which was up from 4 million in the fourth quarter of last year. The increase in the quarter is primarily due to the seven BODIES exhibitions that were opened in New York, Las Vegas, Miami, Seattle, Monterey, Mexico, Amsterdam and (San Paolo), Brazil. We had nine Titanic exhibitions contributing during the fourth quarter, including Las Vegas, Atlanta, San Francisco, Cincinnati, Lubbock, El Paso, Mexico City, Redding and Wichita.

Turning to our expense items in the quarter, our exhibition costs increased from $355,000 to 3.3 million for the fourth quarter – compared to the fourth quarter last year, as a result of rental costs of additional sets of specimens for our BODIES exhibitions and costs we incur, marketing and operating our independent BODIES and Titanic exhibitions.

Our gross profit in this fourth quarter was 6.7 million as compared to 3.6 million during our fourth quarter last year. The increase reflects an increase in the number of BODIES venues operating during the current quarter from three to seven. In addition, we had seven Titanic venues operating concurrently during our current quarter, up from five in the prior year.

Our G&A expenses increased approximately 27 percent from the quarter last year to 3.2 million, and this increase is primarily the result of personnel additions as we expand our staff to support our exhibitions. Non-cash charges related to stock compensation, and Sarbanes-Oxley 404 implementation costs during the current period. Our G&A costs will continue to increase as we grow and add additional staff to support our independent exhibitions.

We had a gain on the sale of the wreck of the Carpathia to a related party for 1.6 million during the current quarter, and the selling price of the Carpathia was 3 million.

Income before income taxes was 4.7 million or 14 cents per share as compared to 714,000 or two cents per share in the fourth quarter last year. Net income in the fourth quarter was approximately 2.8 million and our basic and fully diluted earnings per share for the quarter was 10 cents and nine cents, respectively.

For our 2007 fiscal year, we had income before taxes of 12.4 million or 40 cents per share and reported net income of approximately 7.4 million or 24 cents per share off of 30 million in revenue, and as I mentioned earlier, this is 131 percent increase in revenue compared to last year. We have net income before taxes of 2.8 million in our fiscal 2006 year, and we also had a tax benefit of 2.5 million and net income of – which resulted in a net income of 5.3 million or 19 cents per share off of 13 million in revenue.

In our earnings release, we again provided additional non-GAAP information regarding net income, excluding non-cash charges for income taxes, depreciation and amortization and stock compensation. Excluding non-cash items, net income for the quarter was 5.9 million or 18 cents per share, and 16.1 million or 52 cents per share for the 2007 fiscal year. EBITDA was 5.1 million for the quarter and 13.7 million for the 2007 fiscal year, and free cash flow was 2.5 million for the quarter and six million for the 2007 fiscal year.

Our balance sheet is extremely strong. We increased our cash balance to 16.8 million, or 65 percent from our third quarter of this year. We have working capital of 22.7 million, which translates into a current ratio of 12.4, and we continue to carry no debt on our balance sheet.

With that, I'll turn the call back over to Arnie.

Arnie Geller: Thank you, Steve. You know, it's times like this where I'd like to take a moment and reflect on what has truly happened to this company over the last 12 months, and I guess the best way to look at that is to be able to look at where we currently are and where we're currently moving from, of course, where we were this past year, and sometimes it's more of an impact for people to realize how we physically get to where we're going.

For example, our current exhibitions that are now operating with BODIES are in New York City where we continue and where we've been over a year and have attracted more than a million people, in Las Vegas where we continue to do extremely well. San Paolo, Brazil where our numbers are absolutely extraordinary.

Of course, they need to be because their ticket prices in Brazil are not as strong as they are in other countries because of their economy, but we've noticed recently as we've increased our ticket price that that hasn't had any negative effect at all on the sale of tickets. La Jolla, or San Diego, California, will be opening up in the next couple of days. Durham, North Carolina, where we experienced great success a couple of years ago with Titanic, has been an important exhibition market, is currently open. Washington, D.C., currently open.

We've just opened on May 5th in both Lisbon, Portugal and Prague in Hungary, and as you probably all would expect if you stop to think about it, those don't happen by accident. There's a lot of work, there's a lot of pre-planning involved, a lot of marketing efforts involved, and physically doing an installation, the magnitude of the size of our exhibitions and opening up those doors, and in order to be able to accomplish those efforts and movement truly around the world, we have to have a staff of qualified people to do so. That staff, as you can imagine with the growth of this company, is growing dramatically.

It's important, as you would all understand, that this organization be able to officially and professionally handle all work that it implements, so staffing requirements in the company has been part of our ongoing program, but in addition to those eight cities that I've just mentioned, we will be opening up in Saint Petersburg, Russia as what we hope will be part of a five-city two-year to two-and-a-half year tour of Russia. In addition to that, exhibition number 10 will be opening along with exhibition number 11 before the end of June. So to have 11 exhibitions is a long way from the six exhibitions that we had just recently. In fact, it's an increase in BODIES exhibitions of 83 percent. Hopefully our numbers will at least equal or exceed the numbers already achieved from the previous exhibitions as we continue to tour the world.

So 11 BODIES exhibitions ahead of schedule. Of course, we've spoken recently about the fact that we anticipated that we would have two more BODIES exhibitions opened by the end of this quarter or in spring, which we've, of course, accomplished. In addition to that, we had hoped to be able to open up two more BODIES exhibitions before the end of the fiscal year or calendar year, actually I think it was mentioned both ways, so this is dramatically ahead of schedule and puts more potential earnings into this year than were anticipated, not to mention the icing on the cake, which of course is that 11th exhibition.

So we're very pleased to not only be able to announce that but for you to understand how we chose our priorities, and our priorities were chosen to go ahead and move aggressively on additional BODIES exhibitions in lieu of other exhibitions that are in the pipeline and will be opened up later this year, and we did that because we needed to assure that we had careful and constant growth while maintaining our stability as a company.

So we also – and before – lest I forget, Titanic is doing as well in the markets that it's currently in as well as the new exhibitions that are planned to be opened. For example, we have just opened the doors about three weeks ago up in Victoria, British Columbia, and I must say we're all excited and very impressed with the numbers that we're achieving there. When we start seeing numbers of 12 to 15,000 people a week coming in from the opening days, and that's been consistent in the last three and a half weeks with the major summer season for them still to begin, we're expecting, quite frankly, huge, huge numbers to come out of there.

The anticipation for our exhibition that will be opening in Denver are also expected to be major numbers with the 95th anniversary of the Titanic and the fact that Denver is an important market because you all may remember "The Unsinkable" Molly Brown who came from Denver, we consider Denver a Titanic town and expect that our numbers will be much above average, and the same with Toronto. So overall we, quite frankly, are expecting a great year.

Formal guidance with respect to this year is still being worked out amongst our numbers analysts here in the company, and I'm afraid are apologized to say that I don't have guidance numbers for you today, but we will have those numbers within the next 30 days.

Other subjects that I need to approach right now fall in line with this concept and philosophy of assuring our careful growth while maintaining our stability. We had careful consideration as to whether or not a dividend should be considered so soon after this exciting growth of the past year. We had to determine what was the best place to put our money right now, and was it to distribute out to shareholders, and of course as many of you may know.

I'm a major shareholder and certainly would be a personal proponent of that had I not seen the bigger picture, and the bigger picture is that, and our Board of Directors have decided that a dividend for the company at the present moment is a bit premature and corporate growth seems to have the upper hand. We see that our future over the next 12 months or maybe over the next six months, more immediately speaking, will require possibly some investment that may leave us short if we were to distribute a dividend that was of value.

The question of a one-time dividend versus a formal dividend program has been examined thoroughly, and we may be a bit premature, but I think it's important for all of you to know that dividends are on our mind and we're looking for the opportunity when a dividend can be shared with the shareholders, but not to have any negative effect on the growth of the company.

Another issue that I know has been discussed for a long time and all of us have been anxious is our ongoing efforts to have a permanent home for Titanic at Pier A in New York. As I have mentioned to you over the last several conference calls, if not the last several years, as this has been a target for us that we've been extremely enthusiastic about because we know it's a one-of-a-kind venue.

Over – between four and five million people a year literally will walk through a building for security purposes to go to the Statue of Liberty and Ellis Island. The landlord who we have been negotiating with has had the lease now for several years while trying to work out the financial and workable arrangement with both the National Park Service, who operates the Statue of Liberty and Ellis Island, and the City of New York, who are the landlords for Pier A.

We were told that by the end of April that the City would react to an agreement that was entered into between the landlord and the City to determine whether or not the landlord was prepared to go forward under the terms that they and the City have agreed to. The end of April has come and gone. The information that we're receiving, which is trickling in at the moment, is that the City is attempting to make a decision and are not satisfied with what the landlord has proposed at the moment.

What this means to us as the third party waiting in line to walk in the door and start selling tickets is that it's quite conceivable at this point that we're going to have to wait a little longer, and when I say that, I say it with confidence because not only does the City of New York want us there and not only does the National Park Service want to be our next-door neighbor in that operation, but the structure of the arrangement between the parties which, and by the way, our arrangement was determined and quite acceptable to all the parties and has been for quite a while, but other arrangements between the other parties have not been able to be concluded, and it would not be surprising to hear in the short-term future that the City will terminate its relationship with the current landlord.

The City then has to make a decision as to what happens to that property next. We understand that economic development of lower Manhattan at Battery Park will probably be the next ones to put this plan together, and no doubt they will be knocking on our door, so the answer to Pier A at the moment is we're going to have to wait. We have never thought of Pier A being something that would go in place of something else.

Pier A was always an add-on. It was something special because it was unique property. When and if the day comes that we're able to move forward with Pier A, we will. We will hold off bringing an exhibition to the City of New York on Titanic in hopes that a permanent home will eventually emerge. We are in discussions now as a result of this information with our landlords over at South Street Seaport, who have been trying to encourage us for quite awhile to bring Titanic there.

We understand that there is talk in the City right now about possibly bringing boats from South Street Seaport over to the Statue of Liberty for transporting passengers because of this Pier A seems to be dragging on and the National Park Service needs a permanent installation for doing security clearance for visitors, so as far as New York goes and as far as a permanent home goes for Titanic, it's definitely on the drawing boards.

We love the idea of being in the building with 4 million people also coming through that were in addition to what we would attract, and I don't want to take the Pier A possibility or a similar possibility off the table other than to say it's going to continue on the drawing boards, and just for your information, our team, our design team spent a lot of time in New York over the last several months working with the architects while the landlord was spending money trying to do a total evaluation of costs and schedules, and we were informed recently that if this project were to go forward at Pier A at this time, the red tape of the – of even getting the permitting process in place in New York with the help of the City would have been at least six months before the permitting, and then of course there's additional infrastructure efforts that would have to be made to the building itself, so it's possible that even if magic were to happen today, we'd still be looking at a year and a half or more before those doors would open, so please – that's our update, and I don't want you to think that we're not going to New York, but it doesn't look like Pier A is in the picture at the current time.

In anticipation of these problems developing, we have instead looked to a market that brings in over 40 million people a year as opposed to the four million that would come to Pier A, and that's Las Vegas. As you all may be aware, or most of you may be aware, Titanic in Las Vegas – Titanic and BODIES successfully operate together in Las Vegas, and because of the recent sale of our current facility, we will be moving from the Tropicana sometime before the end of the year and are in, and I'm sorry to say I can't announce the facility right now, but in a location of a major hotel in Las Vegas. Quite frankly, most will probably admit that it's probably a better facility and a more modern facility, let's say, compared to the Tropicana, which had seen its day and of course is – has been sold and is changing for that reason.

We expect that our numbers will do dramatically better in this new facility, which, and we expect to be in there probably before the end of the year. Contracts are not signed, negotiations continue on, but one issue that's important needs to be pointed out, and that is we believe that now is the time for Titanic to become a major force in Las Vegas. It has been a good exhibition.

Our attendance has been good. We now have ideas in working with this new facility to turn Titanic into something that will attract many more people than in the past, and we're going to put with the dignity and respect that we treat Titanic with, a Las Vegas flavor to it that we think will be dramatic and has tremendous opportunities to dramatically increase the revenues for Titanic in Las Vegas, and in doing so, we will be looking at an investment into that project which we expect will deliver us a long-term agreement and a long-term commitment in Las Vegas of a contract that's currently being contemplated for 10 years. It's a major commitment by a major hotel, looking at Premier Exhibitions beyond BODIES and beyond Titanic, but looking at the company itself and with its strong belief that they would like to have a long-term relationship whether it be BODIES, Titanic, or other exhibitions that Premier will bring in the future.

In addition to that, that operation of hotels, plural, out in Las Vegas also is exploring with us other locations and other properties of theirs to do additional projects with them, other exhibitions, not another Titanic or another BODIES because that will be committed to this one facility, but other hotels with other opportunities on a, I hate to use this as a comparison, but it's a good one, and that is as Cirque du Soleil works with several hotels that are all associated in Las Vegas with different products in those hotels.

We're looking for a similar opportunity for Premier Exhibitions, so that's an update on where we are, and insofar as Titanic is concerned with Las Vegas, we are now thinking of this more along the lines of not only more elaborate, but also one that could be considered a semi-permanent home for some of the items that we were going to utilize in New York and to shift that – shift those ideas which were unique in presenting Titanic but because it will be permanent we can afford to do installations that don't have to be moved every six months that will surely be an attraction.

Also, for 2008, which is out a little bit in front, but I should bring this up because we think of it as a major headline, is the fact that we expect in 2008 to be presenting a major exhibition and certainly for the first time of Carpathia a famous – most famous rescue ship in the world, having of course rescued all the passengers that were saved from the Titanic, to open up a Carpathia and Titanic exhibition, as many of you know, as an attempt to begin the monetization process of Titanic and its assets.

Carpathia was the first to go. It was a strategic decision and part of a plan to – for the highest and best use that we could find for Carpathia and because our donation concept and tax credit concept was not applicable to corporations or public corporations, that we had the opportunity to transfer this asset to a third party who could and whose entity could take advantage of the tax donation in the future, and that tax donation is intended to go to a third party who expects to work closely with us over the years to continue to develop the Carpathia through expeditions to the wreck site and recovery of objects to a whole new tour of Carpathia and Titanic. So we're looking forward to that.

An expedition to the Carpathia will be held this summer. We're waiting for confirmation of the charter dates. Right now it looks like it will be in August of this year where enough objects will be brought up with enough time to stabilize and conserve them and make them available for this major exhibition which we expect to be in the U.K.

Some other comments I'd like to make involve some questions that I've had that I expect may come up again, so let me try to anticipate it. That is, there has been a question about or some confusion about our relationship with (Jam) and the fact that the name seems to appear on additional press releases when it was announced that our agreement with them was for a period of – or for a nine-exhibition program.

As some of you may recall, I have said in the past when in response to the question does that mean that we're finished with (Jam) after the nine exhibitions, and the answer to that is that agreement certainly terminates at the end of those nine exhibitions, but it's important to note that there are many countries around the world where we will search for and employ the expertise of third parties who have expertise in some of the countries. And so it wasn't out of the question that if (Jam) could deliver certain markets with the expertise to deliver and the assurances and guarantees that we would not only protect our earnings and be able to collect our earnings, more specifically, but also to protect our assets that were in some of these countries and be able to get them out.

So you will see from time to time in the future that we will work with (Jam) or that opportunity exists. Those arrangements will be negotiated, arrangements on one-off basis, and will be comparable to other exhibitions where we might have to employ other third parties for their expertise in the market.

What (Jam) has been able to bring to us in Prague, for example, is the third party that they have been working with for many years who is an expert in the market, and the arrangement that we have with (Jam) is all that we have for that market and the third party that (Jam) works with share in that program. So for example, if we have a – if we wind up with a 70/30 deal at a market with (Jam), that 30 percent is all that we're obligated to pay and within that 30 percent (Jam) and any other third parties they're involved with will work from that split.

So you can expect to see (Jam) in the future as market opportunities open up if they present to us. You may expect to see in other countries other parties if we decide that that's a necessary requirement to even go into the marketplace.

So I hope that answers that question about third parties, (Jam) being, of course, one of them. And by the way, I think it's also important to say that as we had a very rocky start with (Jam) as several people may recall in the earlier days of that relationship that we have now smoothed out that rocky road that the, if you'll pardon the expression, all the companies have both grown together in a learning curve that makes it quite pleasant now to be able to enter into certain markets with them knowing that the team that they've established is now experienced and capable of doing the job. So where I was critical of them in the past, I need to compliment them now and as they've improved as we've all grown in this business.

So, let's see if I've touched on everything. I think I have. I think that, Shelly, if you wouldn't mind stepping back in and we'll start taking questions.

Operator: Thank you. If you wish to ask a question today, please press the star key followed by the digit one on your touch tone telephone. If you're on a speaker phone, please make sure your mute function is turned off to allow your signal to reach our equipment. Once again, it's star one to ask a question.

We'll take our first question from Walter Winnitzki. Please go ahead, sir.

Walter Winnitzki: Yes, good morning. On the conference call there was mentioned a couple of times about some increased investments that you're going to be making. Could you speak a little bit more from a financial standpoint for our modeling purposes how that would both impact the P&L statement, how we should see that, and also from a cash flow perspective, what is cap ex expenditures likely to be this year and is it possible to kind of look at those first half versus second half. Thanks.

Arnie Geller: Yes, I think Steve could handle part of that and I'll handle part of it as well.

Steve Couture: Hi, Walter. How are you?

Walter Winnitzki: Good. Good morning.

Steve Couture: The cap ex that Arnie was referring to relates to the number of BODIES exhibitions that we'll be adding. Typically a BODIES exhibition requires about a $500,000 investment in (exhibitry), and we're going to be adding five new BODIES exhibitions, so that's 2.5 million right there, and then in the 10K filing we disclosed that the total cap ex should be about 3.5 to 4.5 million. We gave a range in the liquidity in capital resources section.

Walter Winnitzki: How will that flow through the year ((inaudible)) the cap ex? Will it be more heavily weighted in one half of the year, or …

Steve Couture: Yes. The cap ex obviously will be, because we're going to have the 11 BODIES exhibitions open by June, will be heavily first quarter.

Walter Winnitzki: OK. Thanks.

Arnie Geller: The other part of that will come into play will be as we are able to tell you more about the Las Vegas plans is that there will be some additional investments there that will go towards our long-term 10-year plan, which will, of course, be capitalized and amortized over that period of time.

Walter Winnitzki: OK, Arnie, if I understood you correctly, kind of you were suggesting the company made a strategic decision to focus on its core BODIES franchise now and some of the new areas you were looking at, that's kind of been pushed back a little bit. Maybe you can kind of flesh that out a little bit and provide a little timing as to when we can expect some of those other kind of exhibitions that you had hinted at.

Arnie Geller: Sure, and I appreciate that question because I think it does need some fleshing out.

It was a decision that I think I tried to eloquently explain it and I might not have done a very good job, in looking at the growth while maintaining stability. Basically we saw a strategic opportunity to escalate the number of BODIES exhibitions that the market could handle at the moment, and because of – after assessing the market we felt it was more important to accelerate our efforts on BODIES to make sure that we dominated the worldwide marketplace with exhibitions on BODIES rather than to push forward one of our new exhibitions to get them open earlier.

From a growth perspective and an earnings perspective, we knew that this opportunity could get away from us if we didn't move quickly. So we literally put some other projects that are anxious to get going on the back burner because our staff, as you know, which is growing rapidly, wasn't equipped to handle all that we had to give it right now.

And so we're – when I refer to maintaining our stability, it was maintaining the infrastructure and carefully growing the infrastructure of the company to make sure they can handle all the new product that we give it, and give all the new product the adequate effort that it needs to make it successful. So building up our base of BODIES exhibitions at a time and building up our earnings. We feel that when we have new BODIES exhibitions, we can put those into an existing system that is now well experienced.

We have a well-oiled machine, if you will, for exhibitions involving BODIES as well as for Titanic, and so we wanted to – they actually cut in line, if you will, ahead of some of the other new projects, but have – make no mistake about the fact that we have new projects, we have exciting projects. We have ones that obviously we wouldn't be putting our efforts into if we didn't think they were going to be successful.

But what we've done now is we've made a conscious decision to in addition to the two BODIES exhibitions that were planned for this time to make the decision of putting out three more exhibitions that we can call blockbuster exhibitions. They don't need any trial periods. We know what they are. We know what we can expect from them, and we know that if we have the opportunity now that it might be not as good an opportunity if we didn't have them out when they were coming, so we've rearranged scheduling as a result of that.

We – I don't want to give out a lot of detail, although I'm dying to on some of these exhibitions as to what they're going to be because we're fortunate enough to have been very successful, and others are, I'm sure, competitors that we have and maybe future competitors who are trying to wrack their brains wondering if they can come up with exhibitions to get into this lucrative market, and so we're not going to give out a lot of hints as to what we're going to be doing because that's a valuable asset of the company and we don't want any third parties to take advantage of us.

Walter Winnitzki: Arnie, was a motivation for doing this maybe potential competitor threats from some of the smaller BODIES-like companies and there had been some discussion or some issues that possibly you may acquire one of those other companies to get an additional set that you can discuss that?

Arnie Geller: Right. It's a good point, and certainly there was an assessment of the marketplace and the supply of exhibitions that were available, and that was absolutely a consideration, and it's an ongoing consideration as we compete for markets to have 11 BODIES exhibitions, only two of which are permanent at the moment. It gives us nine exhibitions that can tour 18 markets in a given year. We've increased our sales staff for placement of exhibitions and venues and are aggressively booking markets well into the future to be able to protect as much of the world marketplace as we can. So they were an absolute consideration as part of the overall picture.

And we still are interested, although we haven't had much communication, maybe communication will open up in the future, that would lead us to even re-discussing the possible acquisition of those companies or merger for not necessarily purposes of using their specimens to do an exhibition but maybe for just incorporating them into the company and using them as necessary or not using them. So – but we're aware of that and yes, that was a consideration.

Operator: Our next question comes from Andrew Cowen. Please go ahead.

Andrew Cowen: Hi, guys. Terrific, terrific quarter and terrific announcements this morning with the extra BODIES exhibits.

Male: Thanks, Andrew.

Andrew Cowen: Just a few questions. I fully expect G&A to keep picking up as obviously you need, with this amount of growth, you need to have some people to handle it, and I think it's very wise spending. Just sort of an idea, where are you on the hiring process and where do you – like how many more people do you think you need and what kind of numbers should we expect going forward on the G&A line?

Arnie Geller: Right. Let me give you the overview, and then we'll see if we can put some numbers to it. We'll give you what we can at the moment.

Andrew Cowen: OK.

Arnie Geller: Right now the current business plan is to dramatically strengthen in order to expand our current staffing infrastructure. For example, people have been asking me over the last couple of years how much insurance does the company have on me, and of course, I don't like anybody to have insurance on me, but and seriously in looking at that question, the answer really was why would it be a wise spend to pay a lot of money on insurance premiums for – just in case something were to happen to me or I got run over by a truck. Why don't we look at those premiums and compare them to what it would cost to bring in some very qualified people to start backing up all of these senior positions, not only mine.

And what we determined is not only is it smarter and better for the company to have an important qualified staff in depth so when one senior person is not available there's another one that can step into their place and keep the company operating smoothly.

And so with that in mind and the fact that we need more staff in order to grow and operate effectively, we're searching right now for some major positions in the company, including a Chief Operating Officer, that will come and operate this well-oiled machine on a day-to-day basis and keep it well oiled.

(Tom Zoller), who's our Vice President of Exhibitions, is currently searching for two people to do exactly what he does because of the need for expansion and the fact that one person can't handle all of this anyway, so we're going to be looking for three senior people there. We're looking for a senior marketing person to interface with all of our marketing people, not only in-house but in the field. We're adding to our regional staff of people that the local managers of exhibitions will report to, both from the financial side with the box office and from the regional operations, making sure that local management is operating properly, and of course, as we open up more exhibitions with our own staff 100 percent, of course, that brings on additional hiring.

Of course, with that additional hiring it also allows us to take greater percentage of the profits, which of course will cover those expenditures and leave us with a greater percentage of profit at the end of the day, so we're expanding in those areas, we're expanding in finance as well. We have an overworked CFO who needs additional key people who can operate more of the day-to-day financial operations while we – while he gets to be allowed to work on just his time consumer responsibilities.

We have added to our legal staff already with the new attorney that we brought in from New York who was with Madison Square Garden who was well experienced in contracts, and if you think about BODIES alone, meaning at least 18 contracts a year, not to mention the number of Titanic contracts, you can see why that's a full-time job and maybe more of a full-time job and requires some assistance there as well.

So as we expand and here's the important point, as we expand, we need to have this infrastructure solidly in place so when we introduce a new piece of product or a new exhibition into the company that we have a team that is well equipped and well staffed to be able to handle it, and that one of the reasons as I mentioned before that we went – one of the reasons that we went to the additional three BODIES exhibitions on an accelerated basis is because that team was well experienced, already in place, and could handle it. And my fear was that putting in a new exhibition that this team was unexperienced with could have multiple effects of frustration and us having to chase, and we want to be in a position of being prepared for what we're going to introduce rather than to be caught short.

In terms of monetizing that, I think that's probably another conversation at another time when we can give you some of those details, and I'm sure Steve will be happy to answer those questions as he deals with you all individually while you're putting together your numbers.

Operator: Our next question comes from Jeff Osher. Please go ahead.

Jeff Osher: Yes, hey, guys. Nice year. Very impressive.

Male: Thank you.

Jeff Osher: Just a couple questions, more housekeeping related. What has – sequentially – I may have done the numbers – my numbers may be off, but it looks like gross margins on the exhibition side fell sequentially a thousand basis points?

Steve Couture: That's correct. What's going to happen over the next year is as we conduct our independent exhibitions, exhibitions that we do not have a third party partner, the – we recognize the gross revenue and the associated direct costs with that exhibition, so you'll see margins come down, the percentage come down, over the next year to around the 50 percent range.

Jeff Osher: OK. So we should be thinking in fiscal '08 about 50 percent ((inaudible)) margins?

Steve Couture: Eventually, yes. It'll gradually come down as we do more independent exhibitions because the margins at the exhibition level are 50 percent.

Jeff Osher: OK.

Steve Couture: And when we have a partner such as (Jam), the …

Jeff Osher: You get a net revenue?

Steve Couture: Yes, we basically recognize the net profit from the relationship as a revenue …

Jeff Osher: Got you.

Steve Couture: … and the only costs that go against that are the costs of the specimens.

Jeff Osher: So that would explain the minimal incremental operating margin net of Carpathia. That's just the gross margin delta.

Steve Couture: Exactly.

Jeff Osher: OK. That's very helpful. And then just can you just update us on your ((inaudible)) situation right now?

Steve Couture: ...has been used up. We used it this year, and we will be paying cash taxes going forward in 2008.

Jeff Osher: So this pro forma number you guys keep reporting, that'll – the tax side, that's going to go away, the non-cash taxes?

Steve Couture: Yes. The non-cash – yes, the accrual, the provision for income tax?

Jeff Osher: Yes. The GAAP accrual.

Steve Couture: That'll continue at 40 percent.

Jeff Osher: Forty percent, and your – what do you expect your cash tax rate to be?

Steve Couture: Around 34 percent...

Jeff Osher: OK.

Steve Couture: Yes.

Jeff Osher: Fantastic. And then as far as the share creep, sequentially it was about three percent. Is that a function of your stock price having risen?

Steve Couture: The increase in the weighted average shares?

Jeff Osher: Correct.

Steve Couture: No, that's – we actually have several million warrants and options outstanding, and that's the dilution from those.

Jeff Osher: But sequentially, you didn't issue any in Q4, did you?

Steve Couture: No.

Jeff Osher: So is that a function, then, of the stock price or the volatility changing, and I'm not quite sure what – what changed sequentially, I guess, from Q3 to Q4 to lead to a roughly a million incremental shares?

Steve Couture: Basically we had some options, employee stock option exercises during Q4.

Jeff Osher: OK. And I guess that's my last question, guys, is along the lines of free cash flow, it looks like you got a contribution of about five of your $6 million dollars of free cash that actually came from employee option warrant exercises.

Steve Couture: Yes.

Jeff Osher: Is that – again, you guys have done such a good job on the cash flow side. I'm just – I was a little uncomfortable to see that. Is that something as we look into '08, are we still going to have almost 100 percent of free cash flow coming from options exercises? I presume that will tail off.

Steve Couture: It'll tail off, and we still have significant warrants out there. The – we've got – we had a private placement in 2005 …

Jeff Osher: OK.

Steve Couture: … and there's still several million warrants outstanding on that private placement, and it was at $2.

Jeff Osher: The warrants are outstanding at two?

Steve Couture: Yes, two. Yes.

Jeff Osher: OK. What …

Steve Couture: We're looking – so basically, it's – so basically we're looking at – yes, that's – sorry, excuse me. It's at 250, and we're looking at about another 4.3 million that could come in on warrant exercises.

Jeff Osher: Another $4.3 million dollars?

Steve Couture: Yes.

Jeff Osher: OK.

Steve Couture: And there's about approximately 1.9 million outstanding on – in warrant exercises ((inaudible))

Jeff Osher: That's in your diluted base, though?

Steve Couture: Yes ((inaudible)) Yes, there – it's in the fully diluted shares outstanding, and it's comprised of about 1.7 million at 250, and about 163,000 left at $1.50 …

Jeff Osher: OK.

Steve Couture: … which ((inaudible)) 2004 in private placements.

Jeff Osher: Great. Last question. I don't know if you guys have disclosed in the past your ticket price change on a year-over-year basis. Is that something you guys disclose?

Arnie Geller: We haven't really in the past because it's – it's really dealt with on a market-by-market basis, and when we – in our instance, we're only in most markets for a period of six months, it tends to be misleading unless you're analyzing venue by venue …

Jeff Osher: OK.

Arnie Geller: … so you're – I think it becomes more complicated in analyzing the numbers to announce every increase in ticket price because it is a standard, it's not across the board, it's anticipating what the market will bear, and then challenging that ticket price based upon the success in the market as to when it's appropriate to do an increase, if at all.

Jeff Osher: I presume you've seen, just given how big your numbers are, somewhat inelastic customer base?

Arnie Geller: I'm sorry? Again?

Jeff Osher: Just based on the numbers, it looks like you've seen – you haven't seen much pushback to higher prices?

Arnie Geller: Oh, no, we haven't. We've been – even with major arguments at various times, we have seen that every time that we decided to do an increase that we've had little, if any, rejection or pushback at all.

Jeff Osher: That's great. So, I guess, is the only venue that could be apples-to-apples, would that be the (Tropicana) on a year-over-year basis?

Arnie Geller: And New York. Yes.

Jeff Osher: What were those, roughly, on a year-over-year?

Arnie Geller: ((inaudible))

Jeff Osher: Yes.

Arnie Geller: I think we're at – what are – I think we're at 20 – I'm sorry. Steve, do you have those in front of you?

Steve Couture: For New York year-over-year, we were closer to $20 when we opened a year ago, and now we're closer to $25.

Jeff Osher: So about 25 percent. Great. Great. Hey, guys, keep up the good work. Thank you for the time for my questions.

Arnie Geller: Thank you.

Steve Couture: You're welcome.

Operator: Our next question comes from Harris Hall. Please go ahead.

Harris Hall: Congratulations, Arnie and Steve. Fantastic results.

Steve Couture: Thanks, Harris.

Arnie Geller: Thank you.

Harris Hall: On the gross margins, I was a little surprised as well, and I guess this goes to another question I have, too, which is the mix of solo managed shows and co-managed shows, and aren't your expenses kind of fixed up front? I know sometimes you have a revenue split with the museum or whatever, but the 50 percent gross margins seem kind of low for a solo-managed show.

Steve Couture: Well, that's what they've been – Harris, this is Steve. That's what they've been historically with the (Jam) relationship. All of the shows have been 50 percent at the exhibition level …

Harris Hall: Yes.

Steve Couture: … and so we're expecting and we have experienced 50 percent margins at the exhibition level on the independent shows that we do.

Harris Hall: Doesn't that change over time, though, the longer it's run and …

Steve Couture: It does. It does. But we're looking at a six-month run.

Harris Hall: OK.

Steve Couture: On average.

Harris Hall: So...

Steve Couture: But if you expand, I mean, you get – you typically get better margins as you expand as you cut back on the marketing and various expenses.

Harris Hall: So New York and Las Vegas would be better than 50 percent margins?

Steve Couture: Yes.

Harris Hall: And also the margins on the merchandise, I know it's a smaller piece, but if my numbers are right, they've dropped to 23 percent.

Steve Couture: Yes, the merchandise is a little – the merchandise that you find on our financial statements is the merchandise that we sell to a third party partner that runs all of our gift shops at the museums, OK? So that's only the merchandise that's sold to them. The merchandise sold at the museums is part of the exhibition revenues, and typically in your third quarter, you know, the third party stocks up on inventory and usually you have a higher number in the third quarter and it usually levels off in the fourth quarter.

Harris Hall: So, does, you know, 70 percent of the goods, gross margin looking forward for that line, or what would you recommend?

Steve Couture: About 75 percent.

Harris Hall: Seventy-five percent.

Steve Couture: Yes.

Harris Hall: OK. And where are you in the mix between solo-managed shows and joint? I know, was it Miami was the first one?

Arnie Geller: Yes.

Harris Hall: And are there any more or you're still – Miami's the only solo-managed show?

Arnie Geller: Miami, which of course recently closed. Our solo shows are now in Durham, North Carolina, in Lisbon in Portugal, and, let's see, where else we are. One, two, three, four, five. Those are the two so far that are solo manned on BODIES.

Harris Hall: And how many more do you have to do with (Jam)?

Arnie Geller: We have no more to do. We have no future obligation to do any more with (Jam), and then it's – you can expect that in most U.S. markets and many of the foreign markets we will be doing those 100 percent on our own. However, there will be unique situations in some countries where we will operate with a third party, and some of those may be (Jam).

Harris Hall: Well, probably like you did in Mexico, right?

Arnie Geller: That's correct.

Harris Hall: OK. Who is the related party that you sold the Carpathia to, or are you guys not willing to expose that?

Male: ((inaudible))

Arnie Geller: Yes, it's a company called (Sea Ventures), and it's controlled by a related party by the name of (Joe Marsh).

Harris Hall: Is he on your Board, or?

Arnie Geller: No, he's not on the Board, but he has been a major shareholder and a great supporter of the company over the last seven years, at least, maybe longer, maybe nine years, and he has – he's – saw an opportunity which I don't want to speak for him, but we thought it was a good opportunity for the company, that it was a good opportunity for him, and that's how we were able to make an arrangement.

Harris Hall: That's pretty exciting.

Arnie Geller: Yes.

Harris Hall: And then just last question. Do you have any read on the May quarter so far? You're almost two-thirds through, right?

Steve Couture: Yes, we're not prepared to really discuss the first quarter yet. We may give a little more flavor on that when – in 30 days when we give guidance.

Harris Hall: Fantastic. Well, I'll be looking forward to that.

Arnie Geller: Thank you. I appreciate that. Speaking of the guidance, there is something more that I would like to comment on that I probably should have earlier, so let me say that with respect to guidance, although we do expect to give a number, an accurate number, there's an overall picture here that you all are certainly interested in, and what is meaningful to us, that is, that we are working on our 24-month plan at the moment, and we're starting to feel comfortable enough that I could make this comment, and that is that over the next 24 months we expect that our business earnings will rise to the level that will justify a stock price in the $30 range.[1]

So I wanted to pass that on, and let's go on to the next question, Shelly.

Operator: Our next question comes from Chris Lahiji. Please go ahead.

Chris Lahiji: Hello.

Steve Couture: Hi, Chris.

Arnie Geller: Yes. Good morning, Chris.

Chris Lahiji: I know this is not the most favorable time to do it, but I'd like to nominate myself for the COO position. You know, I don't want to wake up anymore at 5:30 a.m. to listen to people ask a million questions on conference calls.

One more thing, I'm also willing to work just for warrants, no salary, so I'm going to e-mail you my resume, Arnie.

Arnie Geller: I'll look forward to receiving it, Chris.

Chris Lahiji: Quick question. The 10 to 11 shows, what is the probability of those shows being international as opposed to being domestic?

Arnie Geller: I would expect that the 10th and 11th shows will both be domestic.

Chris Lahiji: I see. And in terms of international, are we focusing on names that haven't been visited by Dr. (Von Hoggins), and how many cities do you see in the pipeline that we can ultimately go to in the next 12 to 24 months that have more than five, 6 million people in population?

Arnie Geller: I love that question, Chris. That's why we need you as Chief Operating Officer.

Chris Lahiji: Well, I'm telling you, I'm willing to work for warrants. I don't want a dollar in terms of salary.

Arnie Geller: OK. Let me try to attack some of those responses. In terms of the population number, I need to make you aware of something that we know internally quite well. We know that there are markets that we have been into where the population is only a million people and we've done in excess of 250,000 people in a six-month period, so population numbers in and of themselves don't necessarily become the guideline of – for choosing the market.

In terms of what markets we're going to go into, and how many markets are available for us to go into, and the (Von Hoggin) question, let me say this. We're looking at all markets throughout the world, whether they have been visited in the past or not, and we don't feel uncomfortable about going into a market that is right for our exhibition. We believe, obviously, by opening up now to 11 BODIES exhibitions that 18 markets a year is certainly our minimum target because these exhibitions will be working all the time, so we'll be in 18 different markets a year, and I don't know if I remember the third part of your question, which part did I miss?

Chris Lahiji: You – I, you know, I don't even remember the question.

Male: It's OK. I think we answered it.

Chris Lahiji: I have an even more important question. You know with Vegas, (Tropicana), it was a very good venue for us. I mean, even though it's not exactly the crème de la crème of the strip, my question with Vegas is how long will the show be down and transitioned on to the strip, and what type of impact do you guys see it making in that transition phase?

Arnie Geller: We expect a transition time of not more than a week from the closure of one to the opening of the other, and it may be less than that, although I don't want to knock it down to a couple days.

The BODIES exhibition transition will go very quickly. It could be as few as two or three days because everything can be put in place in the new permanent installation and moving the specimens over is quite frankly probably an overnight or two-day job, probably at the most. It's packing them up and moving them down the street and unpacking them.

Chris Lahiji: And can we assume that ticket prices for Vegas are actually going to move higher given the fact that we're going to a better venue? I take it that since the strip is really owned by two guys, ((inaudible)) one of them. I mean, are higher ticket prices in the cards?

Arnie Geller: No, I wouldn't say that higher ticket prices are in the cards right now. I think it's safer to say that there will be more opportunities for additional to generate additional income from the patrons.

Chris Lahiji: I see. And I was just going to ask you a hypothetical question, Arnie. If I was to give you a mulligan, which city would you not want to go that you went into and what did we learn?

Male: That's good. That's good.

Arnie Geller: Don't go to London during the World Cup.

Chris Lahiji: Well, we knew that, but I mean, I'm talking domestically. What was the show that if you can get back? I mean, I'm just trying to figure out. I think we do very well, we're very well received with these cities, both domestically and internationally, but I'm just trying to figure out what the structure is of a show that does not do too well. I mean, have we learned anything in this or it just – it all depends on the territory and the timing?

Arnie Geller: Well, I think what we've learned, not to be too modest here but I think what we've learned is that we've had a lot of good experience over the years with Titanic. We're employing that experience in addition to what we do get out of each market, and I don't think that we've had a bad market in the – since we've been operating.

With the – I guess if there is an exception, the exception is don't be – don't get carried away with a market because it has 25 million people because at the end of the day even doing big numbers doesn't necessarily guarantee serious profits.

Chris Lahiji: OK.

Arnie Geller: And I'll use Mexico City as an example of that.

Chris Lahiji: Right. Right. And last question, monetization of the Titanic artifacts. Do we have any timeline there or it's just we'll wait and see for now?

Arnie Geller: Well, as recently as 10 days ago, I was – I attended a meeting at the request of the third party who was interested in the acquisition of the Titanic asset under the conditions that we have discussed, and we began exploring what the details of that may be, so there's serious conversations going on with three suitors as I have mentioned before. We haven't lost any of them yet. They're – the opportunity exists and we'll take advantage of it if it turns out to be the right one for the company.

In the meantime, you know, that's the windfall that – and if and when we pick that up, you know, we'll certainly announce it, but the answer to your question is that it's definitely on the top of the list and we're working on it regularly.

Chris Lahiji: Excellent. Well, Arnie, Steve, it was a pleasure, as always, and best wishes moving forward.

Arnie Geller: Thank you very much, Chris.

Operator: We'll now move on to Bill Vlahos. Please go ahead.

Bill Vlahos: Alright.

Male: Hey, Bill.

Bill Vlahos: Congratulations on the accelerated schedule of the BODIES show. That's pretty dramatic.

Can you comment on ((inaudible)) these – with these incremental BODIES shows, are they – if you can discuss, are they being – are each one of them being leased from the facility in China or is it what you've discussed in the past about having fewer specimens per show?

Arnie Geller: I'm not sure how to quite answer that except to start off by saying that number one, for competitive purposes, we're not going to comment on the source of the specimens, the availability, other than certainly we're doing everything to comply with legal requirements around the world, so in terms of – what was the rest of the question? Sorry.

Bill Vlahos: I was just trying to understand you. If you're leasing – in the incremental BODIES, if you're leasing a set for every new show or …

Arnie Geller: Oh, I see. Yes.

Bill Vlahos: … fewer specimens per show or, I guess ultimately is there sort of upside in that gross margin?

Arnie Geller: Sorry. Sorry, Bill. No, let me tell you what we're doing. We're – as we expand out and go to a greater variety of venues and greater number of countries, we have to look at what the opportunity is for venues and their size, so a 30,000 square foot venue where we have New York, if an exhibition that size were to move and to go to a venue of maybe 500 square feet such as what we have in Durham, obviously it's, you know, the round peg in the square hole or vice versa.

So we have a design team that is constantly doing one thing, and that is taking the venues that are on the table and figuring out how to make the exhibition fit in to accomplish our goals as a professional presentation and a quality presentation, so we have now a considerably large number of specimens, and just like we do with Titanic where we have 5500 artifacts, when we design a show or an exhibition that's going into a space of X amount of square feet, we'll decide what elements to include, what not to include, and how many specimens in the case of BODIES will be included. I will say this, to give you some indication, close to a thousand BODIES specimens have – new specimens have been brought in to this organization in order to accommodate the number of exhibitions we're now doing.

Bill Vlahos: A thousand?

Arnie Geller: Yes.

Bill Vlahos: But typically there's only been 22 specimens per show, right?

Arnie Geller: No. Typically there's …

Bill Vlahos: Oh, you're including more organs ((inaudible)) Right. OK. Right. OK. Great. OK. And then, how many total employees do you have now and how many do you anticipate having, say, six months from now?

Male: How many?

Arnie Geller: We have 56 employees is the count today, and that's operating from Atlanta or the – let's put it this way. It doesn't include the number of people we have working in the exhibitions …

Bill Vlahos: Right.

Arnie Geller: … nor the number of people that are not full-time employees but are currently working full time nevertheless on the road that would be in installations and installations in various exhibitions, so the number of 56 sometimes is misleading because there are many more people that are working on the exhibitions …

Bill Vlahos: Right.

Arnie Geller: … and what that will increase to, it's hard to say. We're looking to take on all of – to take on our own merchandising departments now, and phasing out third parties. We're looking to stop leasing audio equipment but creating our own division which will eliminate a third party when we're doing audio operations at all of the venues.

We are also seriously investigating our own ticketing operations at the moment as well, and the additional staff that that may incur is also, of course, based upon a careful analysis as to whether or not, number one, it makes sense to do that. And then how much staff comes in, what our investment is, and what our additional earnings projections are based upon that, so I would say merchandise is a pretty good chance that's going to happen. Audio, pretty good chance. Ticketing, I think is – it's still in the talking stages and may not become a reality, certainly in the immediate future, but something worth looking at because it generates a lot of money from the people that are coming to our exhibitions, so I hate to not be able to give you a specific number, but I'm not sure we're prepared to do that yet.

Bill Vlahos: OK. OK. Great. And then I guess I can't let you go without asking about your comment about a 24-month plan that would suggest a $30 stock price. I guess I have to ask you how you get there? I mean, I would think that that would be at least $1.50 and fully taxed earnings.

Arnie Geller: Very possibly, and we'll get to how we get there, and that's probably another conversation for us. I just – I didn't feel comfortable in announcing no guidance right now without at least giving you the intentions and what management expected of the certainly 24-month future.[1]

Bill Vlahos: OK. But I guess, would it be a fair statement to say within the next 24 months you would anticipate a run rate of, say, $1.50 fully taxed?

Arnie Geller: That's one way of getting to the number. I would agree with that, and it's possible. I prefer to wait for our guidance to get more specific on that.[1]

Bill Vlahos: OK. Great. Thank you very much.

Arnie Geller: Thank you.

Operator: Now moving on to George Grose. Please go ahead.

George Grose: Good morning. Could you really run us through the like the attendance figures at the BODIES, I mean, how you're doing, that kind of on average there?

Arnie Geller: The attendance, of course, is pretty much on target with where we expect it to be. We have – we've been using a rough estimate of average of around 300,000 visitors per six-month period, so looking at that, you can anticipate 550,000 people a year per exhibition because we'll open up at least – we'll take a month out of the 12-month year for moving out and moving back into another facility, so if you're going to do 300,000 in six months, then you're looking at 50,000 people average per month, and times 11 is 550,000 people a year or, you know, 270, yes, 550,000 a year, so that average is still good. We're still comfortable with that.

Some are doing better than that, some won't do as well. We want to leave some cushioning in there, but on the average I think we're pretty comfortable with that and I think we're pretty comfortable with an average ticket price right now of $20 even though we're as high as 25 in – average in some markets and highest ticket prices at 2850 in some markets, but I think that's – those are fair numbers to use right now.

George Grose: OK. And I guess like with respect to the economics of the BODIES, I mean, can you give us a sense where the economics are with respect to the international versus domestic?

Arnie Geller: Well, you know, it's interesting. We've made some great head road or headway in international markets for quite a long time. International markets were stuck at the 12, roughly 12-year-old price for Europe of what people expect to pay for an exhibition. We're starting to break those numbers open a little bit. In Amsterdam our ticket price was substantially higher and comparable to what we do in New York, and without any pushback or resistance and with good –

an excellent operating partner over there who kept the cap on expenses, you know, our numbers look very good, so I would say, you know, that would be an example of where we are.

George Grose: OK. And then also with like with respect to your other properties, can you give us a sense of which ones you would be the timeline on which ones would be developed first? I mean, is that the – is the next one, is that to be the, you know, the one that the – with the casinos or ((inaudible)) the one unless you're talking about the casino chain, or hotel chain?

Arnie Geller: You mean, in terms of where we're going in Las Vegas with other properties …

George Grose: Yes ((inaudible)) talk about the – yes.

Arnie Geller: I'm really not able to disclose it. I can't give you – I don't want to give you partial answers that just give you more questions than answers, and I can't give you those answers yet.

George Grose: OK. And what would be the cost of the Carpathia expedition?

Arnie Geller: The expedition costs are still coming in. We're waiting for contract proposals on what vessel we're going to use, open weather windows, creating of course the greatest demand for vessels and when you're in that part of the world, most of the vessels are being used, so we're negotiating right now for a vessel that's currently out there doing another job that would allow us to not pay a lot of costs that are traditionally incurred with mobilizing from shore and going off to a site. In other words, we don't want to bring a ship from the United States over to the wreck site of the Carpathia if we can find an affordable ship there, so I don't have the answers yet. I can give you a ballpark and tell you that we're probably in the half a million dollar range for the expedition.

George Grose: OK. Is that included in your cap ex?

Steve Couture: No, that would be an expense.

George Grose: OK.

Arnie Geller: It would be an exhibition-related expense.

Male: Yes.

George Grose: OK. OK. Thanks. That does it for now, then.

Arnie Geller: Thank you. I'm sorry because of – we're running so long here on this call, but why don't we just keep it down to just two more questions, if that's alright.

Operator: OK. Thank you. Our next question comes from Howard Rosencrans. Please go ahead.

Howard Rosencrans: Hi, guys. Thanks very much.

Male: Hey, Howard.

Howard Rosencrans: Can you just walk us through the – I mean, obviously the gross margin is going to migrate down. Can you walk us through how the accounting on the BODIES cost is impacting that?

Steve Couture: Well, the – yes. The accounting on the BODIES cost, essentially we're leasing specimens and the – that cost is found in exhibition costs, and the really the – what's reducing the gross margins is not that because that's in there regardless if we do the exhibition independently or with (Jam). What's reducing the gross margins is the fact that we've got marketing, operations, installation costs in there for exhibitions that we're running solo, and that's really essentially why we had an increase in costs of revenue.

Howard Rosencrans: So is – there's no factor for the BODIES? I'm sorry. I'm …

Steve Couture: The BODIES, the costs of the specimens are in there already, but that's not the reason for the increase in exhibition costs. The increase is the result of costs of doing our own exhibition and having the costs for the marketing and the operations and installation costs on our books rather than in the joint venture scenario. Those costs are reflected on our joint venture partner's books.

Howard Rosencrans: Yes, but, maybe I'm just completely missing, and I apologize, but, you know, ((inaudible)) you're front loading the BODIES until you get the associated revenue from it. You're front loading the expense.

Steve Couture: No, we're not, because we haven't actually – some of the specimens we haven't even started paying for yet.

Howard Rosencrans: No, no, I'm not talking about in the fourth quarter, but whether or not you – exactly when you paid for them or not, it's the accrual.

Arnie Geller: Let me make sure. Let me step in for a moment because I – it sounds like we may be talking about – we may be answering a different question than what's being asked. Are you talking about the expenses that are related to licensing the use of the specimens or are you talking about why there's additional costs because when we operate our own exhibition we incur some of these up-front costs as (Jam) in the past, for example, would normally incur?

Howard Rosencrans: The licensing.

Arnie Geller: Just strictly on the licensing. OK. And the question is, is that going to go up or down, was that what you were saying?

Howard Rosencrans: No, no. Can you walk us through how that's – OK, fine. OK. Alright ((inaudible)) Can you walk us through how that's hitting the income statement? Isn't that front loading? Isn't the leasing and how it's flowing through front loading, effectively?

Steve Couture: No, it's not front loading. I mean, we pay for the specimens once we obtain them, and then they're leased over a five-year period.

Arnie Geller: And we make payments quarterly.

Howard Rosencrans: OK. So the lease is over five years.

Arnie Geller: The lease is over five years with five one-year options. Essentially it'll be a 10-year lease, and as you know in the case of the gentlemen who we deal with on most of the specimens through his organization, we have a commitment of a million dollars a year per set of exhibitions, so – and that million dollars is paid out on a quarterly basis, so in some cases, yes, well, it's always paid out on a quarterly basis.

Steve Couture: And we're not obligated to pay those until we actually receive specimens at the exhibition. He delivers them directly to the exhibition.

Howard Rosencrans: OK. Thank you very much.

Steve Couture: Sure...

Arnie Geller: I did mention before that we were only going to take two more calls, but Shelly, how many calls are in queue? Maybe it's premature to cut that off.

Operator: We do have 12 more calls in queue at the moment.

Arnie Geller: Oh. Alright. Well, let's go and try to get through most of them because people have invested their time here. They're entitled to an answer to their question.

Operator: Thank you. Our next question comes from Chuck Lipson. Please go ahead.

Chuck Lipson: Yes, hi there, Arnie. I get – we do have to cut these calls down a little bit because I think you lose some, and I'd certainly like to see, I think with the stock down today, everybody would like to see the model that gets us to $30 as soon as possible.

Anyway, you know, with all these additional hires, how do you see SG&A as a percentage of revenues in the future? Is it going to go up or are the revenues going to go up faster?

Arnie Geller: Well, it's going to go up, and it may not go up proportionately. It will get similarly to where we are right now, but …

Chuck Lipson: ...percentages.

Arnie Geller: Yes, but we have to jump through the hoops in order to get there. It's the chicken or the egg. We have to get our additional staffing in place in order to be able to handle the additional exhibitions that we put into operation, so the commitments and the training to staff will happen first, then new product will come on line with the success and the income from the new product, it will wind up evening out, so everything's going to go up proportionately, but it's going to stagger on the way up.

Chuck Lipson: And lastly, overseas versus domestic. Do you see it – the trend coming – doing more overseas or less, and is the dollar having any impact there?

Arnie Geller: The dollar is – let's take the second part first, of course, one cannot be unhappy with seeing the $1.35 Euro when we're selling tickets in countries that utilize the Euro currency, so it's beneficial to us right now. We are focused on doing as many good markets as we can right now and take advantage of the weak dollar in these foreign territories. Of course, that gets weighed with the other expenses that we incur, and if we're dealing with third parties and what other ((inaudible)) are involved.

But we're – in answer to the first part of your question, the important thing for the company in looking at markets is obviously we don't want to choose a market that we don't think we're going to do well in, but routing becomes an important issue as well because the cost of transportation has an effect, and when we're dealing with venues, we – it isn't as simple as finding out that a venue is available and making ((inaudible)) for that.

We have to send out a site team to inspect the venue. And we have our marketing people who have to give us the comfort levels that we need that all the elements are there for it to work well for us, and then we have to send out a design team who has to tell us precisely how all elements including theatrical lighting, the myriad of elements that are involved in installing the show how that's going to work and analyzing the numbers, but I would say assuming a lot of those elements, even though others may not think of them or take it for granted that all that has to be done, that all goes towards the analysis, but certainly it's important for routing that we're not overspending by zig zagging across the United States rather than methodically moving through the United States.

Chuck Lipson: OK. I'll let you get back to working on getting the model out.

Arnie Geller: Thank you.

Chuck Lipson: Thank you.

Operator: Our next question comes from Leonard Berner. Please go ahead.

Leonard Berner: Good morning, gentlemen.

Arnie Geller: Good morning.

Leonard Berner: And thank you, thank you for your – well, thank you for your planning and for your plan B ((inaudible)) Just a quick question. As someone alluded to a moment ago, there was a dramatic drop in the stock price, actually even last night after the earnings, and then more so this morning. With that, obviously we can't comment on stock pricing, however, what do you think may have been read into the SEC filings that would have caused the stock to drop? What – yes, I guess that's the point I would...

Arnie Geller: Well, I think, I could only give you a personal opinion. This isn't the corporate opinion. I think my personal opinion is that we've had dramatic growth in a short period of time, and because of that, I think we may be envisioned by some, by a few, that there's a lot of magic going on around here that just, you know, that pops through with all these great successes and when something doesn't – and people are starting to expect over the top results from the hard methodical work that we're doing to make this successful and with the strong foundation, and so I've got a feeling that some may have perceived it as the company's slowing down when quite frankly that couldn't be further from the truth.

What we're doing is we're growing, we're getting stronger, and we now have more money to be able to allow us to bring in a stronger – to build a stronger organization to allow us to continue to generate greater earnings, and I think that there's – we're very careful here. We're not going to be reckless about how we accomplish our goals because our targets are large in terms of what our future accomplishments are going to be, but it can't happen overnight.

Our growth is steady. It's going to continue to be steady. There's no sense in having some outrageous growth that stay for a short period of time. We're here for the long haul and our numbers are going to reflect it, and I think some that might have looked for just a short or a quick spike and didn't get it maybe turned and went the other way, but over the long haul those that are invested in this company are going to be very pleased with the results and they're going to be ongoing, so …

Leonard Berner: It wasn't clear …

Arnie Geller: … that's only a personal reaction.

Leonard Berner: Thank you. I appreciate that.

Arnie Geller: Sure.

Leonard Berner: The – I wasn't clear about the Carpathia transaction. I recognize that – did we sell the total rights for it? Do we not accrue any percentages from future exhibitions? What's the story with that?

Arnie Geller: Well, it's an interesting opportunity for the company as well as for the buyer in that the buyer, I believe, recognizes a tax benefit, a unique tax benefit, while the company sees an opportunity to gain additional value from this asset, and even though it doesn't continue to own it, will be continue – will continue to be able to benefit from it, and so that's exactly what's happened, although we no longer own it and we have taken a profit from the sale of the asset, that we will be making ongoing investments into Carpathia as a exhibition program and by doing so will be able to generate additional exhibition earnings as a result.

Leonard Berner: Are you saying that we do – we have a co-production arrangement where we will get a percentage of the revenue from ((inaudible)) those future exhibitions?

Arnie Geller: Yes.

Leonard Berner: I see. Thank you so much. I appreciate your work and onward and upward.

Arnie Geller: Thank you very much.

Leonard Berner: Bye.

Arnie Geller: Bye-bye.

Operator: Our next question comes from Mike Grant. Please go ahead.

Mike Grant: Hi, guys. I was wondering if you could just give us a little bit more of a breakout on expenses that may have been booked in the fourth quarter that would relate towards future growth as opposed to ongoing operations? I – did you bring in additional staff ahead of time? What are some other expenses that were taken during the fourth quarter which really relate more towards the future than the current, and if you could also just give me a bit of a breakout on ((inaudible)) the level of Sarbanes-Oxley spending that was in the fourth quarter, I guess, versus expectations and previously accrued kind of level?

Steve Couture: OK, Mike. Yes, in the fourth quarter we had additional G&A expenses associated with Sarbanes-Oxley, and I'll give you a range. I'd say it's – the range would be between 225,000 to 300,000 in additional expenses on the Sarbanes-Oxley, and then …

Mike Grant: And when you say in additional spending, you mean additional to what?

Steve Couture: What we found in the past, the additional audit fees, additional just everything that goes along with that – additional personnel that we added to complete the internal control.

Mike Grant: So that would be like a year-on-year versus the fourth quarter of last year?

Steve Couture: Yes.

Mike Grant: That's a fair way to look at it?

Steve Couture: Yes.

Mike Grant: OK. Great.

Steve Couture: And then the other – we did add some employees in the fourth quarter. We added probably six to 10 in the fourth quarter.

Mike Grant: OK.

Steve Couture: So we had additional costs there.

Mike Grant: OK. Good. Can you kind of bracket that a little bit or …

Steve Couture: I can give you – I'll give you a range between, let's say, another 150 to 250,000.

Mike Grant: OK. Great. That's helpful. And just one comment for you and for Arnie just, you know, you guys mentioned this $30 stock price ((inaudible)) I guess my one thought on that is, you know, you guys are doing good work and we want you to stay focused on the revenues and the earnings and kind of let the investors and the investment community take price, you know, take charge of what they're going to pay for that stream and the stock price.

Male: Right. Well, I've …

Mike Grant: We care less about, I guess, the assessment of the $30 price. We care more about, you know, the components that get there.

Arnie Geller: I appreciate that. I think it's important, and I'm glad you brought it up again because maybe it needs to be clarified a little bit, in that what I was suggesting was that based upon the direction that we're heading, we believe that our earnings would be able to justify that price, whether or not that price is achieved or goes beyond that. That's up to the markets, and certainly I concur with your comments.[1]

Mike Grant: Right. Thanks, guys.

Arnie Geller: Thank you.

Steve Couture: Thanks.

Operator: We'll take our next question from Steve Emerson, Emerson Investment Group.

Steve Emerson: Yes, it's – congratulations on preparing the future, which of course we're all interested in as a precursor to a $30 price, which we all are invested for, but the question is, how lumpy are these quarters going to be and you may have covered this, but what is the startup cost on day one for a typical exhibit and how many new exhibits are scheduled for the current quarter and next quarter, if you could flesh that out?

Arnie Geller: Yes. Let me start off by saying that the lumpy quarters, as you refer to it, and will there be, you can expect that in this business that we are engaged in that some quarters will have greater strength than others, and what will happen is what appears to be lumpy will turn into more of a pattern as you see the continuation of the company in that our first quarter of last year will start to deliver some sort of a pattern with the first quarter of this year, and the first quarter of the next year all proportionately speaking, because in this quarter, although we have great strength because of Christmas seasons.

And it's just – there's some seasonality, of course, to this business. It's usually the period of time where many of the exhibitions will close and be transported and installed. So you'll incur the expenses related to those movements and you'll recognize that there won't be any income, of course, during those periods, not to mention the fact that we front load our marketing expenses to an extent that, you know, the major introduction of an exhibition into a market requires a substantial portion of the marketing budget. So it's to be an accepted part of the business operation that we'll all understand as we stay – as you stay with the company that engages in this kind of business, so it will turn out not to be so lumpy. It'll just turn out to be, you know, first quarters are always softer than second quarters, which are, you know, dramatically great.

Everything is up and running. They've kicked in to where the exhibition has now become well established in the marketplace, word of mouth has already followed and the marketing launch as visitors attend, and the market explodes with the success of the exhibition, and you'll see that happen seasonally, and there's also just plain seasonal ticket sales that come with our business as well as other entertainment companies, and February just isn't a good month no matter how you look at it. January after the holidays it begins to slump off. September isn't a good month traditionally, as summer is over and people go back to work and go back to schools, so that's all part of what we live with and that's why we like to talk often when we refer to averages as opposed to specific situations in each market.

Steve Emerson: Well, OK. I'm sure I can go back to your press releases, but for the May quarter and the August quarter, how many company-owned and operated exhibitions are scheduled to start in each quarter, and typically is this about 300 grand that gets front end loaded expenses?

Arnie Geller: Well, in order to answer the first part of your question, I'm sorry I missed that before. I didn't address it. Our quarter starting June 1 will have 10 BODIES exhibitions operating with an 11th to open up sometime during that first month of that first – or of that quarter, so all BODIES exhibitions will be operating …

Steve Emerson: No, the question so that we can model your quarters and not get surprised is how many openings of company-operated exhibits are you going to have in each quarter, then perhaps it's fair for us to multiply by $300,000 of up front average expenses as a way to look at …

Arnie Geller: Right. Sorry …

Steve Emerson: ...the lumpiness.

Arnie Geller: I get it. I'm sorry. I misunderstood your question.

Steve Emerson: No problem.

Arnie Geller: The answer, unfortunately, is I can't give that to you on a for-certain basis except for those exhibitions that have already been booked and contracts have already been signed.

Steve Emerson: Of course.

Arnie Geller: OK. And that's going to – that – there are constant variables there and there are some strategic information that's part of our decision-making process that unfortunately I can't give only because I got – I don't want to educate our competition as to why we, you know, why we're doing some of what we're doing or let them know that there's a strategy involved there. That's a very difficult question to give you a down-and-dirty answer to because there's other elements involved, but I think maybe working with Steve and maybe not on this call cause it'll …

Steve Emerson: Offline.

Arnie Geller: ...too much time, but offline …

Steve Emerson: Certainly.

Arnie Geller: …can probably get you close to what you're looking for in the way of an answer.

Steve Emerson: Thank you very much.

Arnie Geller: My pleasure. Thank you.

Operator: Our next question comes from Andrew Cowen. Please go ahead.

Andrew Cowen: Hi. Real question – real quick question, guys. Are there any other markets out there that you think could handle or support a full – a permanent or a semi-permanent BODIES exhibit like New York and Vegas? Are there any in Europe?

Arnie Geller: We think there are, and we are searching them out and researching them right now, and if we find out that one makes sense, we're certainly willing to commit an exhibition on a permanent basis, but that's – we're open to that and we're looking at that, Andy.

Andrew Cowen: OK. Thanks, guys.

Arnie Geller: Yes.

Operator: And our next question comes from Keith Fleischmann. Please go ahead.

Keith Fleischmann: Hi, Arnie. Have you had any interest from outsiders potentially looking to make an offer for the company or buy the company at this point?

Arnie Geller: No, and the short answer is no. We've heard the rumors and we've heard third parties poking – of third parties poking around, but we've had no official interest or conversations from any company at this time.

Keith Fleischmann: OK. And second question for you is, at this point could you give me some sense of what you believe the current earnings power of a BODIES show is after the (Jam) contract rolls off in September?

Arnie Geller: I think probably the easy way to give you that, you know, on an average basis is to look at the 550,000 average attendees per exhibition per year and the average ticket price of – is $20, and of course we have 11 exhibitions, but just taking one of those, and then looking at our average profit margin, which I think is in, what, the 50 percent range, Steve?

Steve Couture: Yes. That's correct.

Arnie Geller: Will get you close to that answer.

Keith Fleischmann: And then that profit is all BODIES related costs before things like SG&A?

Steve Couture: Yes.

Arnie Geller: Yes. That's before SG&A. It's based upon exhibition operations and it doesn't consider the home office, so to speak.

Keith Fleischmann: OK, but that doesn't include things like the leasing of the BODIES and that sort of thing?

Steve Couture: Yes...

Arnie Geller: It does. It does include that, sure.

Keith Fleischmann: OK. That's my question. Thank you very much.

Male: Yes.

Male: Thank you.

Operator: We'll now move on to Adam Mizel. Please go ahead.

Adam Mizel: Hey, guys. How are you?

Steve Couture: Hey, Adam.

Arnie Geller: Never heard of him.

Male: ((inaudible))

Adam Mizel: Hi. Couple of questions, and people that's asked a lot about gross margins, and I just want to ask slash maybe you can – want to qualify more in your guidance, but historically you've talked about in giving us sense of the economics of the business the gross margin more in the 60 to 65 percent range all included. This is the first time I've heard a 50 percent number, and so I don't understand the – what has changed to increase our costs, and if we could – either I'm happy to walk through it offline, do it now, or wait for guidance in 30 days, but that is a material difference that I don't understand. I just wanted to highlight that for you.

Steve Couture: I think the difference, Adam, is the fact that we're looking out further and we're looking out after the (Jam) arrangement, and because of that if we're doing all of our exhibitions independently …

Adam Mizel: Yes.

Steve Couture: … you're going to get closer to the 50 percent range. I think when we were talking about it before, we were looking out six months. That's the difference.

Adam Mizel: OK. Second question. Can you just from a comparative basis a few metrics so we can understand the quarter that we're near completing on a relative basis, how many shows were –

BODIES shows were open in Q1 in contrast to in Q4 so we can at least understand the progress that you're making towards that 11 goal.

Arnie Geller: I'm not sure I have those numbers in front of me. We probably can put our fingers on them. I would say, I would be surprised if all of our exhibitions weren't working in Q4.

Steve Couture: They were, and then Q1 you'll have a portion of two new exhibitions open.

Arnie Geller: Right. You closed three exhibitions in the first quarter of BODIES. Let me see.

Steve Couture: You'll have basically through Q1 you'll have New York, Las Vegas, Durham opened up in April, Washington, D.C. opened up in April, Prague opened up in May, and Lisbon opened up in May. And Brazil operated through the whole quarter.

Adam Mizel: And taking into account the seasonality that you were referring to just a few minutes ago, Arnie, are you – are the ((inaudible)) plan, ahead of plan, or below plan in Q1, to your own – to the company's expectations?

Arnie Geller: They're pretty much on target, and again, I hate to over emphasize the fact of using averages, but we're always going to have a market that is trailing behind unfortunately. Most of them seem to have, you know, they crossed the line with flying colors, so it's hard to say, and Atlanta which was a great example for BODIES which did about 350,000 people, and I think 80,000 people in the last four weeks for – and in the four weeks prior to that I think it – almost an equal amount.

So, you know, as we were watching the first four months of Atlanta thinking, you know, this obviously was a dreadful mistake and we misread the market, and then we found out we didn't misread it, they just decided to not come when we wanted them to come, but to get there before it closed, so it's hard to read them. I can't over emphasize it enough. We have to do this on an average because when we start breaking them down by the week or by the month per venue, you just, you know, you're – all you do is waste your time. We monitor the numbers every day, don't get me wrong.

We analyze them. We have meetings. We discuss with marketing and PR as to what happened in the market this week that led to us enjoying this spike in ticket sales or this drop in ticket sales, and if it's not an occurrence that was out of our control and we did something right, then we need to recognize that and try to accomplish that, so what – and implement it in other markets, but you know, this is the daily part of our operation, but we can't – we just can't – we – it isn't like a retail store when we can look at it and do comparable days of each year and see what we did because there's too many other variables, especially the marketplace that we're in.

Adam Mizel: And that's why, I guess, my question is an aggregate one. I think in what you're saying is that the quarter we just – we're finishing on aggregate is performing at or above your expectations?

Arnie Geller: It is. Absolutely. It is. We're, you know, but unfortunately we closed for a month when you move out and move someplace else, you're not bringing in income, and so what you're doing is you're picking up the tail end of an exhibition that just closed and you're getting – just getting the ball rolling into the next market, but we're not seeing any indication of what we wouldn't consider typical, with the exception of Victoria, British Columbia, where Titanic has just taken off like a bat out of hell.

Adam Mizel: Great. That was my questions. Thank you.

Male: Thanks, Adam.

Operator: And next we'll go to Santiago Rizzo. Please go ahead.

Santiago Rizzo: Hey, guys. Thanks. All my questions have been answered.

Arnie Geller: OK. Terrific, Santiago. Nice hearing you again. Shelly, how many more do we have on the list?

Operator: We have two more.

Arnie Geller: OK. Terrific. We'll cut it off after those two.

Operator: OK. Thank you. Marshall Davidson, please go ahead.

Male: Gosh, I was wondering if it was me or what. I am cool.

Male: Hello? I think we lost Marshall. Shelly?

Operator: Yes, we'll next go to Harris Hall. Please go ahead.

Harris Hall: Hi. Just a quick follow-up. I was – I know you mentioned some benefit from currency in Europe and I was wondering if you could quantify that.

Arnie Geller: I'm not sure how to quantify it other than to say that we have been establishing, you know, as – well, let me back up. As you would understand in pricing a market, and this is doing it in the European market these days, we are developing some new territory because of the ticket prices traditionally being lower, but we have gone to a ticket price that we expect is comparable to what we've been doing in the States during comparable economies where we get the extra.

And of course, we have to take into consideration VAT, the other expenses, you know, that are related, to those currencies, where we see the additional benefits, of course, to those currencies is in dealing with items that aren't typically ticket cost items.

We charge, for example, where we charge $6 for an audio in the United States, we charge six Euros for the audio in Amsterdam, for example, and that times $1.35, you know, gets us closer to a dollar – excuse me, $8 for an audio sale as opposed to $5 with not much difference in cost and books and several of these countries we don't have VAT at all, and we're able to charge a substantially higher price than we are here in the States, so it's having its advantages and as the Euro – if the Euro continues as it is and as the pound continues as it is, we'll have an advantage in doing – in being in those markets.

Harris Hall: OK. And I just want to run through the numbers you gave to make sure I've got this right on the attendance. You said 550,000 average attendance at $20 average ticket price?

Arnie Geller: I said that's the right – that's the formula that we use.

Harris Hall: So that's $11 million dollars per show per year, right?

Arnie Geller: That's right.

Harris Hall: And 121 million for all 11 shows per year before you get to the Titanic revenue, right?

Arnie Geller: That's correct.

Harris Hall: And 50 percent gross margins would get you the 60.5 million gross profit.

Arnie Geller: Right.

Harris Hall: Wow. OK. I've got some work to do on my models here. ((inaudible)) very much.

Arnie Geller: Thank you. Alright. Shelly?

Operator: And that does end our question-and-answer session.

Arnie Geller: Alright. Terrific. Well, let me just close by thanking you all for being supporters of the company. We're – as you can tell by now if you haven't before, we're a serious company and we're doing very serious things. We're developing some outstanding exhibitions while not only maintaining but increasing what we already know to be successful, will continue to do so, and we thank you for being part of the team. We're not going to let you down. Thank you for being on the call, and good night, or good day.

Operator: That does conclude …

Arnie Geller: Thank you.

Operator: … today's teleconference. Thank you for your participation. Have a lovely day.

END

[1] See 8-K filed by the Company on May 15, 2007