

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

Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended February 28, 2014

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

COMMISSION FILE NO. 000-24452

PREMIER EXHIBITIONS, INC.

(Exact name of registrant as specified in its charter)

Florida
(State or other jurisdiction of incorporation or organization)

20-1424922
(I.R.S. Employer Identification No.)

3340 Peachtree Rd., N.E., Suite 900
Atlanta, GA 30326
(Address of principal executive offices)

Registrant's telephone number, including area code: 404-842-2600

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, par value \$0.0001 per share	The NASDAQ Stock Market LLC (NASDAQ Global Market)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At August 31, 2013 the aggregate market value of the registrant's Common Stock held by non-affiliates of the registrant was approximately \$54,444,000 based upon the closing price for such Common Stock as reported on the NASDAQ Global Market on August 31, 2013. For purposes of the foregoing calculation only, all directors and officers of the registrant have been deemed affiliates.

The number of shares outstanding of the registrant's common stock, as of May 23, 2014 was 49,048,368.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement, which will be filed within 120 days of the end of the registrant's fiscal year in connection with the registrant's 2014 annual meeting of shareholders, are incorporated by reference into Part III of this Form 10-K.

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As used in this Annual Report on Form 10-K for the year ended February 28, 2014 (the "Form 10-K"), the terms "Company," "our," "us" or "we" refer to Premier Exhibitions, Inc. a Florida corporation.

FORWARD-LOOKING STATEMENTS

This report contains information that may constitute "forward-looking statements." Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "project," "will" and similar expressions identify forward-looking statements, which generally are not historical in nature. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future — including statements relating to revenue growth, improvements to margin and earnings per share growth, and statements expressing general views about future operating results — are forward-looking statements. Management believes that these forward-looking statements are reasonable as and when made. However, such statements are dependent upon, and can be influenced by, a number of external variables over which management has little or no control, including but not limited to, general economic conditions, public tastes and demand, competition, the availability of venues, the results of certain legal matters described herein, governmental regulation and the efforts of co-sponsors and joint venture participants. As a result, caution should be taken not to place undue reliance on any such forward-looking statements. Our Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Forward-looking statements should not be relied upon as a guarantee of future performance or results, nor will they necessarily prove to be accurate indications of the performance that is ultimately achieved. As a result, actual outcomes and results may differ materially from those expressed in forward-looking statements.

PART I

ITEM 1. BUSINESS

Titanic Ventures Limited Partnership ("TVLP"), a Connecticut limited partnership, was formed in 1987 for the purposes of exploring the wreck of the R.M.S. Titanic and its surrounding oceanic areas. In May of 1993, RMS Titanic, Inc. ("RMST") entered into a reverse merger under which RMST acquired all of the assets and assumed all of the liabilities of TVLP and TVLP became a shareholder of RMST. In October of 2004, we reorganized and Premier Exhibitions, Inc. became the parent company of RMST and RMST became a wholly-owned subsidiary. Additional wholly-owned subsidiaries were established in order to operate the various domestic and international exhibitions of the Company.

Our business has been divided into an exhibition management division and a content division. The content division is the Company's existing subsidiary, RMST, which holds all of the Company's rights with respect to the Titanic assets and is the salvor-in-possession of the Titanic wreck site. These assets include title to all of the recovered artifacts in the Company's possession, as well as all of the intellectual property (data, video, photos, maps, etc.) related to the recovery of the artifacts and scientific study of the ship.

The exhibition management division includes our exhibition operations and merchandising operations. We formed the entity, Premier Exhibition Management LLC ("PEM"), in September 2011 to manage all of the Company's exhibition operations. This currently includes the operation and management of our Bodies, Titanic, (pursuant to an intercompany agreement with RMST), Real Pirates and Pompeii exhibitions. PEM will also pursue "fee for service" arrangements to manage exhibitions based on content owned or controlled by third parties. On April 20, 2012, Premier Exhibition Management LLC and its wholly owned subsidiary, PEM Newco, LLC ("Newco"), both subsidiaries of the Company, entered into a purchase agreement with AEG Live LLC, AEG Exhibitions LLC, and Arts and Exhibitions International, LLC pursuant to which Newco purchased substantially all of the assets of Arts and Exhibitions International, LLC ("AEI"). The assets purchased include the rights and tangible assets relating to four touring exhibitions known as "King Tut II," "Cleopatra," "America I Am" and "Real Pirates." Of these four exhibitions, the Company is currently touring only "Real Pirates". The acquired assets include rights agreements with the owners of the artifacts and intellectual property comprising the exhibitions, museum/venue agreements for existing exhibition venues, sponsorship agreements, a warehouse lease and an office lease. In addition, the acquired assets include intellectual property related to proposed future exhibitions that the Company may further develop and produce including the exhibit "One Day in Pompeii", which is currently being toured by the Company. The Company will operate any such additional properties through its exhibition management subsidiary. Subsequent to the asset purchase, Newco changed its name to Arts and Exhibitions International, LLC.

As part of the purchase price for the assets of AEI, 10% of the ownership interest in Premier Exhibition Management LLC was transferred to AEG Live LLC. This ownership interest is reported as a "non-controlling interest" in our financial statements, and the financials of Premier Exhibition Management LLC are reported on a consolidated basis.

The exhibition management division also includes our exhibition merchandising business, conducted under the Company's wholly owned subsidiary, Premier Merchandising, LLC. This entity has purchased the merchandise rights related to the AEI exhibition properties, and also pursues other exhibition merchandising opportunities.

The restructuring of the Company and changes in its management reflect that Premier has two operating segments – Exhibition Management and Content Management (RMS Titanic).

Overview

Premier Exhibitions, Inc. and subsidiaries, (the "Company" or "Premier") principal executive offices are located at 3340 Peachtree Road, NE, Suite 900, Atlanta, Georgia 30326 and the Company's telephone number is (404) 842-2600. The Company is a Florida corporation and maintains websites located at www.prxi.com, www.bodiesrevealed.com, www.bodiestheexhibition.com, www.rmstitanic.net, www.thetitanicstore.com, www.titanictheexperience.com, www.thekingtutstore.com and www.dinosaurusatlanta.com. Information on Premier's websites is not part of this report.

Premier is in the business of presenting to the public museum-quality touring exhibitions around the world. Since our establishment, we have developed, deployed, and operated unique exhibition products that are presented to the public in exhibition centers, museums, and non-traditional venues. Income from exhibitions is generated primarily through ticket sales, third-party licensing, sponsorships and merchandise sales. As of February 28, 2014, we are configured to present four different types of exhibitions, as reflected in the following table:

	Year Ended February 28, 2014		
	Stationary	Touring	Total
Exhibitions owned or leased:			
"Bodies...The Exhibition" and "Bodies Revealed"	3	4	7
"Titanic: The Artifact Exhibition" and "Titanic: The Experience"	4	5	9
"Real Pirates"	-	1	1
"One Day in Pompeii"	-	1	1
Exhibitions under management:			
"Real Pirates"	-	1	1
Total Exhibitions	<u>7</u>	<u>12</u>	<u>19</u>

Our touring exhibitions usually span four to six months. As of February 28, 2014, our stationary exhibitions, which are longer-term exhibitions, are located in Las Vegas, Nevada, Orlando, Florida, Buena Park, California and Atlanta, Georgia. Previously the Company had an additional stationary exhibition in New York City, New York which was closed in late October 2012 due to the impact of Hurricane Sandy and subsequent action by governmental authorities and the landlord. On April 9, 2014, the Company signed a lease to open a new location in New York City, New York.

In addition to developing new content for future exhibitions, the Company continually evaluates its touring capacity and may expand or contract to suit the addressable market for its content.

We first became known for our Titanic exhibitions which present the story of the ill-fated ocean liner, the R.M.S. Titanic (the "Titanic"). The Titanic has captivated the imaginations of millions of people throughout the world since 1912 when she struck an iceberg and sank in the North Atlantic on her maiden voyage approximately 400 miles off the coast of Newfoundland. More than 1,500 of the 2,228 lives on board the Titanic were lost.

We own approximately 5,500 Titanic artifacts recovered from the wreck site 2½ miles below the ocean's surface which we have the right to present at our exhibitions. In 1994, a federal district court declared us salvor-in-possession of the Titanic wreck and wreck site, and, as such, we have the exclusive right to recover additional objects from the Titanic wreck site. Through our explorations, we have obtained and are in possession of the largest collection of data, information, images and cultural materials associated with the Titanic shipwreck. We believe that our salvor-in-possession status puts us in the best position to provide for the archaeological, scientific and educational interpretation, public awareness, historical conservation and stewardship of the Titanic shipwreck. As of February 28, 2014, we had the ability to present 9 concurrent Titanic exhibitions. Management continues to explore ways to expand the Titanic model beyond the exhibition business to broaden the Company's reach.

In 2004, we diversified our exhibitions beyond the Titanic and into human anatomy by acquiring licenses that give us rights to present exhibitions of human anatomy sets, each of which contains a collection of whole human body specimens plus single human organs and body parts. As of February 28, 2014, we had the ability to present 7 concurrent human anatomy exhibitions.

During the past several years the Company has continued to diversify its exhibition content to expand beyond our Titanic and Bodies exhibitions.

South Street Seaport

The Company's *Bodies* and *Dialog in the Dark* exhibitions at The South Street Seaport in New York City ("Seaport") were closed at the end of October 2012 due to complications from Hurricane Sandy and subsequent action by governmental authorities and the landlord. The exhibitions remain closed. Following Hurricane Sandy, municipal authorities ordered that the building not be reopened to the public until the landlord made the necessary repairs. In December 2012, the landlord notified the Company that it had no estimate for the date the facility would be reopened. On January 2, 2013, the landlord notified the Company that it intended to terminate the Company's South Street Seaport lease on June 30, 2013.

During the year ended February 28, 2014, the Company received no revenue at the Seaport. The revenue earned at the Seaport for the period it was open during fiscal year ended 2013 was \$4.1 million. The Company will not be resuming operations at the Seaport.

The Company has property and business interruption coverage at the Seaport and has submitted claims for each. The carrier denied coverage under both policies, and the Company and the carrier entered into mediations regarding both coverage decisions. In December 2013, the carrier settled the property claim for \$43 thousand. The parties were unable to settle the business interruption claim. Should the Company file suit in this matter, the amount of potential recovery for the business interruption claims is uncertain at this time.

On April 9, 2014, the Company signed a lease to open a new location in New York City, New York.

Corporate Management

Effective June 29, 2012, the Board of Directors of the Company appointed Samuel Weiser to the position of President and Chief Executive Officer. Mr. Weiser is also a director of the Company. Mr. Weiser, age 54, served as Interim Chief Financial Officer of the Company from May 2011 until June 27, 2011, and as Interim President and Chief Executive Officer from November 28, 2011 through June 29, 2012.

On June 29, 2012, the Company and Mr. Weiser entered into an Employment Agreement (the "Agreement"). The Agreement provides for Mr. Weiser's employment for an indefinite term as President and Chief Executive Officer of the Company. The Agreement may be terminated by either party at any time, subject to certain severance provisions provided in the Agreement. Pursuant to the agreement, the Company will pay Mr. Weiser a salary of \$360,000 per year. In addition, Mr. Weiser received 250,000 stock appreciation rights and 99,074 restricted stock units under the Premier Exhibitions, Inc. 2009 Equity Incentive Plan. 48,611 stock appreciation rights and 79,681 restricted stock units vested immediately, with the remainder vesting in thirty equal parts each month thereafter. The stock appreciation rights will be settled in cash, and expire five years from the date of grant. The restricted stock units will be settled in stock. Upon a termination without cause or by Mr. Weiser for good reason, as such terms are defined in the employment agreement. Mr. Weiser would be entitled to six months' salary as severance plus vesting of his equity awards. Effective with the signing of this Agreement, the parties terminated the existing consulting agreement between the Company, Foxdale Management, LLC and Mr. Weiser pursuant to which he provided services as Interim President and Chief Executive Officer.

On June 12, 2013, the Company entered into an amendment to the employment agreement between the Company and Mr. Weiser. Pursuant to the amendment the Company granted Mr. Weiser an option to purchase 150,000 shares of common stock under the Premier Exhibitions, Inc. 2009 Equity Incentive Plan, as Amended, to vest one-third on each of the first three anniversaries of the date of grant. These options were granted on July 13, 2013. In addition, Mr. Weiser will be eligible for a bonus of up to 50% of his base salary under the Premier Exhibitions, Inc. Annual Incentive Plan, consistent with other executives of the Company. The amendment also amends the severance provision in Mr. Weiser's employment agreement from six months of base salary to twelve months of base salary and provides for a cost of living increase to base salary beginning in fiscal 2014.

On July 2, 2012, that the Board of Directors of the Company appointed John Norman to the position of President of Arts and Exhibitions International, LLC (formerly PEM Newco, LLC), a subsidiary of Premier Exhibition Management LLC, which is a subsidiary of the Company, effective June 25, 2012. Mr. Norman, age 54, previously served as President of the Arts and Exhibitions International division of AEG Live, until the Company's April 2012 acquisition of substantially all of its assets. Mr. Norman previously served as Co-President and Chief Operating Officer of Clear Channel Exhibitions, and prior thereto as Senior Vice President of SFX Entertainment. On April 2, 2013, the Company appointed Mr. Norman to the additional position of President of Premier Exhibition Management, LLC, the Company's exhibition operations subsidiary.

On June 25, 2012, Arts and Exhibitions International, LLC, and Mr. Norman also entered into an Employment Agreement (the "Norman Agreement"). The Norman Agreement provides for Mr. Norman's employment for a two year term as President of Arts and Exhibitions International, LLC (formerly PEM Newco, LLC). The Agreement may be terminated by either party at any time, subject to certain severance provisions provided in the Agreement. Pursuant to the agreement, the Company will pay Mr. Norman a salary of \$320,000 per year. In addition, Mr. Norman has the opportunity to earn an annual cash bonus of up to 100% of his base salary. The bonus is calculated as (a) 15% of the management fee earned by Arts and Exhibitions International, LLC, above the minimum management fee earned pursuant to the AEI Purchase Agreement with AEG Live, LLC, plus (b) 10% of the gross profit of Arts and Exhibitions International, LLC, that is based on new content, plus (c) 2.5% of the annual EBITDA of Premier Exhibition Management LLC. Upon a termination without cause or by Mr. Norman for good reason, as such terms are defined in the Norman Agreement; Mr. Norman would be entitled to six months' salary as severance.

On June 12, 2013, the Company entered into an amendment to the employment agreement between the Company and Michael Little, the Company's Chief Financial Officer and Chief Operating Officer. Pursuant to the amendment, the Company will pay Mr. Little a salary of \$280,000 per year, increased from \$250,000 per year. The Company also granted Mr. Little an option to purchase 100,000 shares of common stock under the Premier Exhibitions, Inc. 2009 Equity Incentive Plan, as Amended, to vest one-third on each of the first three anniversaries of the date of grant. These options were granted on July 13, 2013.

Sale of Titanic Artifacts

On December 20, 2011, Premier entered into an agreement with Guernsey's auction house to conduct a sale of the Company's Titanic artifact collection and related intellectual property. The artifacts—coupled with the work product, intellectual property and certain undertakings of the Company including the costs of salvage, lab operations and exhibition rights—were appraised in 2007 at a total value of approximately \$189 million. The appraised value of \$189 million has not been updated in the last several years and does not include the intellectual property acquired from the 2010 expedition. In addition, while this appraisal does not ascribe any value to the Company's salvor-in-possession rights it does take into consideration the requirement in the court ordered covenants and conditions that the collection be kept together. These assets are reflected in the Consolidated Balance Sheet dated February 28, 2014, at a book value of \$6.3 million.

The formal auction process ended on April 10, 2012, and the Company announced that it was in discussions with multiple parties for the potential purchase of its Titanic artifacts collection and would conduct these negotiations and due diligence in confidence. On October 15, 2012, the Company announced that it had entered into a non-binding letter of intent with an entity representing a group of individuals (the "Consortium") working to effect a purchase of the stock of RMS Titanic, Inc., for educational, regional economic development and cultural purposes in the Hampton Roads region of Southeastern Virginia. The letter of intent was confidential, and was subject to the parties negotiating binding purchase agreements, obtaining requisite financing commitments and other approvals. The letter of intent was designed to allow the Consortium the opportunity to secure its financing sources, prepare to handle and house the collection of artifacts and to continue its efforts to establish public and private support for the venture. On October 9, 2013 the Company's Board terminated the non-binding letter of intent with the Consortium as this group failed to secure sufficient financing.

The Company's Board has authorized management to pursue other strategic alternatives. The Board is working to evaluate all options available to maximize shareholder value. The Company has retained JP Morgan Securities as its advisor to assist the Board in evaluating other strategic alternatives. There is no guarantee that a transaction or series of transactions will result from this process.

Exhibitions

“Titanic: The Artifact Exhibition and Titanic: The Experience”

By featuring the artifacts recovered from the wreck site, our exhibitions tell the Titanic’s story from construction through her sinking and discovery as well as the Company’s efforts to preserve the wreck site and conserve recovered artifacts. The artifacts are placed in historically correct re-creations of the significant rooms onboard the ship and are illuminated by moving stories of her passengers and crew. The Company has supplemented the exhibitions with assets generated during the 2010 Titanic expedition such as 3D exhibitry and film. The Company’s attendance to its Titanic exhibitions is over 23 million visitors at venues in North America, South America, Asia, Europe and Australia. During fiscal 2014, 9 separate Titanic exhibitions were presented at 19 venues.

Consistent with the Company’s desire to increase its number of permanent exhibitions, on October 17, 2011 the Company purchased the assets of a Titanic-themed exhibition (Titanic: The Experience or “TTE”) in Orlando, Florida. Through this acquisition, the Company now has a presence in the large Orlando tourist market. The Company has supplemented the acquired exhibitry with authentic Titanic artifacts from our existing collections and also by including assets generated during the 2010 Titanic expedition such as 3D exhibitry and film. In addition, this exhibition is expected to increase the Company’s penetration into the Orlando market for merchandise sales.

“Bodies...The Exhibition” and “Bodies Revealed”

We presently have the right to display multiple human anatomy sets, each of which contains a collection of whole human body specimens plus single human organs and body parts, which are known as “Bodies Revealed” and “Bodies...The Exhibition.” We secured the rights to produce these two types of human anatomy exhibitions through separate exhibition agreements. During fiscal 2014, 6 separate Bodies exhibitions were presented at 10 venues.

These specimens are assembled into anatomy-based exhibitions featuring preserved human bodies, organs and body parts to offer the public an opportunity to view the intricacies and complexities of the human body. The exhibitions include displays of dissected human bodies which are permanently preserved through a process called polymer preservation, also known as plastination. In essence, the bodies are drained of all fat and fluids, which are replaced with polymers such as silicone rubber, epoxy and polyester. This preserves the flesh and maintains its natural look. Skin from the bodies is removed, or partially removed, to reveal musculoskeletal, nervous, circulatory, and reproductive or digestive systems. The full body specimens are complimented by presentation cases of related individual organs and body parts, both healthy and diseased, that provide a detailed look into the elements that comprise each system of the body. Using more than 200 specimens, each exhibition follows a systems-based approach to human anatomy which examines the skeletal, muscular, nervous, digestive, respiratory, circulatory, urinary, integumentary (skin, sweat glands, hair, and nails), and reproductive systems.

Our full-body specimens and individual organs were obtained through plastination facilities mostly in China. The full body specimens are persons who lived in China and died from natural causes. Most of the bodies were unclaimed at death, and were ultimately delivered to medical schools for education and research. Where known, information about the identities, medical history and causes of death is kept strictly confidential. China has a large and highly competent group of anatomists and dissectors, who are essential to properly preparing these specimens for exhibition and educational purposes. In a number of cases, our medical director has been able to identify medical problems that were present in certain organs and, where appropriate, those organs were clearly labeled in the exhibitions. For example, an emphysema-diseased lung is displayed and identified, giving the visitors a visual understanding of the effects of the disease.

“Pompeii: One Day in Pompeii”

During the third fiscal quarter of 2014, the Company, in partnership with the Italian Superintendence for Archaeological Heritage of Naples and Pompeii (SANP), developed a new exhibition on the story of Pompeii that features over 150 authentic artifacts on loan from the Naples National Archaeological Museum. The exhibition will be presented through June 2015.

The exhibition offers visitors a rare look at some of the most valuable artifacts recovered from the debris of the city of Pompeii, many of which will be making their North American debut. The Pompeii exhibition will have a limited three-city tour and started at The Franklin Institute in Philadelphia on November 9, 2013. The opportunity to present this exhibition was acquired as part of the AEG Live, LLC transaction. During fiscal 2014, we presented 1 Pompeii exhibit.

“Real Pirates”

Real Pirates tells the compelling story of the Whydah, the first authenticated pirate shipwreck in U.S. waters, and the stories of the diverse people whose lives converged on the vessel. Sunk in a fierce storm off the coast of Cape Cod, Massachusetts in April 1717, the Whydah was located in 1984 by underwater explorer Barry Clifford.

The exhibition features more than 200 authentic items recovered from the Whydah – real treasure last touched by real pirates. Ranging from cannons and coins and from the massive ship’s bell to personal items that the pirates wore, visitors are given an unprecedented glimpse into unique economic, political and social circumstances of the early 18th-century Caribbean.

We obtained the right to manage this exhibition as part of the AEG Live, LLC transaction. Effective November 13, 2012, the Company signed a binding letter of intent with Barry Clifford to develop and present a second Real Pirates exhibition, which the Company began touring in March 2013. During fiscal 2014, 2 separate Pirates exhibitions, one of which is under management, were presented at 5 venues.

“The Discovery of King Tut”

During the fourth fiscal quarter of 2014, the Company entered into a License Agreement with Semmel Concerts GmbH, a German entity, (“Semmel”) to present an exhibition based on King Tutankhamun. The term of the Agreement is five (5) years from the opening date of the exhibition. The exhibition, titled The Discovery of King Tut, uses high quality artistic and scientific reproductions of artifacts found in the tomb of King Tutankhamun to recreate the moment of Howard Carter’s discovery of the lost tomb. This exhibition opened at Union Station in Kansas City on April 4, 2014.

“Extreme Dinosaurs”

During the fourth fiscal quarter of 2014, the Company entered into a License Agreement with Dinosaurs Unearthed Corporation to present an exhibition based on dinosaurs. The term of the Agreement is approximately 9 months from the opening date of the exhibition. The exhibition, titled Extreme Dinosaurs, features some of the newest dinosaur discoveries from the ‘Golden Age’ of paleontology, and explores why scientists believe these dinosaurs may have had such bizarre features like horns, plates, frills and feathers. Visitors will experience some of the world’s strangest dinosaurs showcased through life-size animatronic models, skeletons, real and replicated fossils, and more. This exhibition opened at Atlantic Station in Atlanta on March 29, 2014.

New Content

The Company continues to pursue new content opportunities. To mitigate the risk associated with building an exhibition and then attempting to book the exhibition after incurring the capital expenditure, the Company has begun optioning new content opportunities to assess market demand and evaluate the expected return on the investment based on that market assessment. The Company currently has 2 new projects in development. The Company has an option agreement in place to develop an exhibition featuring characters from the Ice Age movie franchise licensed from 20th Century Fox. The Company is also in development of an exhibition featuring cases of the Federal Bureau of Investigation.

Discontinued Exhibitions

“Tutankhamun and the Golden Age of the Pharaohs”

For the first time in a generation, King Tut’s treasures were under license from Egypt’s Supreme Council of Antiquities and drew record-breaking crowds at museums around the world. The exhibition included an array of possessions unearthed from Tutankhamun’s tomb, including King Tut’s golden canopic coffinettes and the crown found on his head when the tomb was discovered. Attendees learned about the extraordinary discovery of King Tut’s tomb and the belief and burial processes of Ancient Egypt, and viewed results from the latest scientific testing conducted on King Tut’s mummy. More than nine million visitors attended the exhibition. We obtained the right to manage this exhibition as part of the AEG Live, LLC transaction. This exhibition was closed in January 2013 and the artifacts were returned to Egypt.

“Cleopatra: The Exhibition”

The world of Cleopatra, lost to the sea and sand for nearly 2,000 years, surfaced in *Cleopatra: the Exhibition*. Never-before-seen artifacts and multi-media atmospheres gave visitors a front-row seat in the riveting present-day quest for Cleopatra VII, which extended from the sands of Egypt to the depths of the Mediterranean Sea. More than 150 artifacts from Cleopatra’s world represented facets of her elusive history, from her family to the places she lived, walked and worshiped. These artifacts were on view in the U.S. for the first time, bringing with them new insights into the tragedies and triumphs of one of the most remarkable and intriguing leaders in history. We obtained the right to manage this exhibition as part of the AEG Live, LLC transaction. This exhibition was closed in January 2013, and the artifacts were returned to Egypt.

“America I AM: The African American Imprint”

Presented in partnership with broadcaster Tavis Smiley, this unprecedented travelling museum exhibition celebrated the extraordinary impact of African Americans on our nation and the world. From the first Africans who arrived in Jamestown to the nation’s first African American President, this award-winning exhibition took visitors from all walks of life on an emotional journey through history. Spanning 500 years, the exhibition included artifacts, documents, multimedia, photos and music that have helped shape the nation and the way we live today. We obtained the right to manage this exhibition as part of the AEG Live, LLC transaction. This exhibition was closed in March 2013.

“Dialog in the Dark”

In 2008, we further expanded our exhibition portfolio when we entered into a long-term license agreement to present an exhibition series entitled “Dialog in the Dark.” Our “Dialog in the Dark” exhibitions were intended to provide visitors with an opportunity to experience the paradox of learning to “see” without the use of sight. As of February 28, 2013, the Company had closed all of our “Dialog in the Dark” exhibitions and has no plans to re-open any “Dialog in the Dark” exhibitions. All assets related to this exhibition were impaired as of February 29, 2012. In July 2013, the Company reached a termination and settlement agreement with the licensor and will no longer present this exhibition.

Titanic Expeditions

In August 1987, TVLP contracted with the Institute of France for the Research and Exploration of the Sea (“IFREMER”) to conduct an expedition and dive to the wreck of the Titanic. Approximately 2,000 objects were recovered and 140 hours of video tape footage and an estimated seven thousand still photographs were taken during the course of the 32 dives in that original expedition.

We completed additional expeditions to the wreck of the Titanic in 1994, 1996, 1998, 2000 and 2004 recovering approximately 3,500 additional artifacts and additional video tape footage and still photographs. With the depth of the Titanic wreck approximately two and one-half miles below the surface of the North Atlantic Ocean, our ability to conduct expeditions to the Titanic has been subject to the availability of necessary research and recovery vessels and equipment for chartering by us from June to September, which is the “open weather window” for such activities.

2010 Expedition to Titanic Wreck Site

During August and September 2010, our wholly owned subsidiary RMST, as salvor-in-possession of the RMS Titanic (the "Titanic") and its wreck site, conducted an expedition to the Titanic wreck site. RMST brought together an alliance of the world's leading archaeologists, oceanographers and scientists together with U.S. governmental agencies to join RMST in the 2010 expedition to the wreck site and the post-expedition scientific study. This alliance included the Woods Hole Oceanographic Institution ("WHOI"), the Institute of Nautical Archaeology ("INA"), the National Oceanic Atmospheric Administration's Office of the National Marine Sanctuaries ("NOAA/ONMS"), The National Park Service's Submerged Resources Center ("NPS") and the Waitt Institute. Never before had all of these entities partnered to work together on one project. While all of these parties worked together to participate in the expedition, RMST has sole legal ownership of the film footage, data, and other assets generated from the expedition.

While the general purpose of the expedition was to collect and interpret archeological and scientific data utilizing state-of-the-art high definition 2D and 3D cameras and sonar scanning equipment, the Company also planned and executed the expedition in order to create digital assets for commercial purposes, including a 2D documentary that was aired by a major cable network in April 2012, a separate HD3D film featuring a tour of the bow and stern sections of the ship that is now being distributed, and assets to be utilized in enhancing the Titanic exhibitions, as well as other applications. The collected data will also provide the basis for an archaeological site plan, and ultimately a long-term management plan for the Titanic wreck site.

We have capitalized \$4.5 million of costs related to the expedition, discussed in more detail below, which have been allocated to specific assets as reflected in the following table (in thousands).

	February 28, 2014	February 28, 2013
3D film	\$ 1,817	\$ 1,817
3D exhibitry	857	857
2D documentary	631	631
Gaming application and other application	886	886
Expedition web point of presence	317	317
Total expedition costs capitalized	4,508	4,508
Less: Accumulated amortization	1,101	475
Accumulated depreciation	645	421
Expedition costs capitalized, net	\$ 2,762	\$ 3,612

The web point of presence and 3D exhibitry assets are included in Property and equipment on the Consolidated Balance Sheets. The 3D film, 2D documentary, gaming, and other application assets are included in Film, gaming and other application assets on the Consolidated Balance Sheets.

Science, Archaeology and Conservation Related to the Titanic and Titanic Artifacts

In addition to being important to our exhibition business, the Titanic is an important archaeological, historical and cultural site. In addition to the alliance brought together for the 2010 expedition described above, we have long standing relationships with several other archaeologists and conservators for services to aid in stewardship of the Titanic wreck site. Upon recovery from the Titanic wreck site, artifacts are in varying states of deterioration. Having been submerged in the ocean for almost 100 years, artifacts have been subjected to the corrosive effects of seawater. The conservation of all artifacts recovered from the wreck site of the Titanic is an extensive process that employs many techniques in order to stabilize them for display in our exhibitions. We also own and maintain an extensive database, together with digital and photographic archives, that establish, with certainty, the origin of the artifacts.

Merchandising

We earn revenue from the sale of exclusively sourced merchandise, such as apparel, posters, gifts and Titanic-related jewelry (some of which utilizes coal we have recovered from the shipwreck). In addition, we also publish exhibition catalogs and provide ancillary services such as audio tours and visitor exhibition themed photographs, which are sold at our exhibition gift shops. We intend to continue to focus on merchandising activities, including increasing our “self-run” retail model, at all our exhibition locations to increase revenue per attendee and our margins on these sales.

During the second quarter of fiscal 2011, we launched an e-commerce website that allows us to sell merchandise related to our shows over the internet. At the end of the third quarter of fiscal 2012, we re-launched our e-commerce website as www.thetitanicstore.com, which offers Titanic-themed merchandise. During the first quarter of fiscal 2015, the Company launched a King Tut e-commerce website, www.thekingtutstore.com, to maximize our merchandise rights related to the new King Tut related exhibition.

Consistent with the Company’s desire to take advantage of additional distribution channels for our merchandise, we entered into agreements with a direct response marketer, and an online and television retailer, to produce, market, and sell Titanic-themed merchandise in order to capitalize on the 100th anniversary of the sinking of the Titanic in April 2012. The agreement with the direct response marketer is for the development and promotion, via direct channels of distribution, of Titanic commemorative jewelry and other items. The agreement with the online and television retailer was for the development and promotion of jewelry, housewares, fragrances, and other Titanic-themed merchandise inspired by, or replicated based on authentic artifacts. This merchandise was launched during a television program aired in April 2012. Due to the strength of the April 2012 show, an additional airing was done during the same month. In addition, the merchandise is also available on the retailer’s website.

On July 12, 2012, the Company purchased substantially all of the assets of Exhibit Merchandising, LLC for \$125 thousand. As part of the acquisition of the assets of Exhibit Merchandising, LLC, we obtained the rights to sell all merchandise related to “Tutankhamun and the Golden Age of the Pharaohs”, “Cleopatra: The Exhibition” and “Real Pirates.” These merchandising rights are operated under our Premier Merchandising, LLC subsidiary.

Information Regarding Exhibitions Outside the United States

Our exhibitions regularly tour outside the United States of America (“U.S.”). Approximately 8% of our revenues for fiscal year 2014 compared with 3% in fiscal 2013 resulted from exhibition activities outside the U.S. Many of our financial arrangements with our international trade partners are based upon the U.S. dollar which limits the Company’s exposure to the risk of currency fluctuations between the U.S. dollar and the currencies of the countries in which our exhibitions are touring. See “Risk Factors” in this report for more information.

Competition

The entertainment and exhibition industries are highly competitive. In addition to competition from other exhibition offerings, we face competition with the broader market for consumer entertainment and discretionary spending. We believe that our many years of experience in the exhibition industry have enabled us to present exhibitions with mass appeal to consumers of entertainment, museum, scientific and educational offerings. These consumers recognize the quality and value of the educational experience that our exhibitions offer.

Seasonality

The Company’s revenue is impacted by the vacation and travel patterns of our customers. Generally, the Company has its highest revenues in its fiscal first and second quarters.

Environmental Matters

We are subject to environmental laws and regulation by federal, state and local authorities in connection with our planned exhibition activities. We do not anticipate that the costs to comply with such laws and regulations will have material effect on our capital expenditures, earnings or competitive position.

Employees

As of February 28, 2014, we had 66 full-time employees. We are not a party to any collective bargaining agreements and we believe that our relations with our employees are good. Additionally, from time to time we rely upon part-time employees and contractors for the production and operations of our semi-permanent exhibitions. As of February 28, 2014, we employed 130 part-time employees. Contractors are hired on an as needed basis.

Available Information

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and, therefore, we file periodic reports, proxy statements and other information with the Securities and Exchange Commission (“SEC”).

Our corporate website is www.pxi.com. On our website, we make available, free of charge, documents we have filed with the SEC, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports filed with or furnished to the SEC. This information is available on our website as soon as reasonably practicable after we electronically file such materials with, or furnish such information to the SEC. Our SEC reports can be accessed through the “Investor Relations” subsection under “The Company” heading on our website. The other information found on our website is not part of this or any other report we file with, or furnish to, the SEC.

In addition, our Code of Ethics and the charters for our Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee are available on our website.

ITEM 1A. RISK FACTORS

If any of the risks or uncertainties discussed below and elsewhere in this report, including, but not limited to, the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in the consolidated financial statements and the related notes included in this report, were to occur, our business, financial condition and results of operations could be seriously harmed. Additional risks and uncertainties not currently known to us or that we presently deem to be immaterial could also seriously harm our business, financial condition and results of operations.

Our cash flows from operations may not improve sufficiently to finance our ongoing operations or to make investments necessary for future growth without the need for additional financing.

We can provide no assurances that our cash flow from operations will improve sufficiently to finance our ongoing operations or to make investments necessary for future growth. During fiscal 2014, we had a net loss of approximately \$714 thousand and our cash and marketable securities balance was approximately \$3.8 million as of February 28, 2014. We currently do not have access to a revolving credit facility. There can be no assurance that our cash flows from operations will improve sufficiently during the next 12 months to fund our ongoing operations beyond that time. We are currently investigating options for additional financing, which might not be available to us or might only be available to us on terms that are not favorable. If we are unable to sufficiently improve our financial performance or obtain financing, if and when we may need it, we may not be able to continue operations as they are currently anticipated or we may be unable to make capital investments needed for our existing exhibits or to develop new exhibits.

We have recently entered into a long-term lease for exhibition space in New York City. If we are unable to achieve planned levels of attendance at this facility, our financial position could be negatively impacted.

In April 2014, we entered into a ten year lease for exhibition space in New York City, with total payments over the life of the lease totaling approximately \$45.8 million. Our ability to satisfy these required payments and to add positive gross margin at this semi-permanent location depends on our ability to effectively prepare for the opening of the facility in a timely manner and effectively market the facility and generate ticket sales. If we are unable to achieve our targeted levels of attendance, our results of operation and financial position would be negatively impacted.

Our largest shareholder is an equity fund, and the plans of this fund could have an effect on our stock price and could result in changes to the strategic direction of the Company.

The largest shareholder of the Company is Sellers Capital Master Fund, Ltd. (“SCF”) which is controlled by Mark Sellers, who is Chairman of the Board of Premier Exhibitions, Inc. and Managing Member of SCF’s general partner. SCF purchased debt that was converted into shares of the Company’s common stock in a financing transaction in fiscal year 2010. In addition, it has acquired common stock through open market purchases.

In June 2010, SCF informed the Company that at the request of the fund’s investors it intended to return all capital to them. On October 7, 2010, Mr. Sellers informed the Company that SCF is no longer marketing its ownership stake in Premier, and further that SCF no longer has a specific time frame within which to sell its stake in Premier. Instead, Mr. Sellers indicated that SCF would retain its shares in the Company until such time as it could obtain what he believes to be a better value for the shares. Management does recognize, however, that if a suitable buyer is not identified at the appropriate time, Mr. Sellers may choose to take another course of action, including potentially selling the shares in the open market or in a privately negotiated transaction or distributing the SCF shares to the fund’s limited partners.

The concentration of our equity ownership in an equity fund controlled by a Company director, and the potential that it could sell its block of common stock, could have an effect on our stock price and could result in changes to the strategic direction of the Company. In addition, a single purchaser of the SCF block of common stock could also acquire effective control of the Company. Such a shareholder may not agree with the present strategic direction of the board of directors and management, creating uncertainty that the current strategic focus of the Company will continue over the longer term.

We have announced our intention to sell the artifacts we have recovered from the Titanic wreck site. We may not be able to maximize the full value associated with title to these artifacts.

In August 2011, the U.S. District Court for the Eastern District of Virginia, Norfolk Division issued an Order granting us an *in-specie* award to all of the artifacts we have recovered from the Titanic wreck since after the Company’s first expedition in 1987. Together with the October 1993 Order from the French Maritime Tribunal granting us an *in specie* award to all of the artifacts recovered in our 1987 expedition, we now have title to all of the artifacts we have recovered from the Titanic wreck. Both of these *in-specie* awards come with certain limitations which govern how we care for the artifacts and how they may be sold.

We have previously announced our intent to pursue a sale of the artifacts. We could fail to sell the artifacts in a timely manner or fail to sell the artifacts at or above their appraised value. Our ability or inability to successfully complete a sale of the artifacts may affect our results of operations and financial condition. The sale process also consumes significant management time and Company resources, which may impact our operations. In addition, the announcement by the Company that the sale process will require more time than was originally anticipated may negatively impact our share price and/or our ability to complete a sale on favorable terms.

If we do not successfully complete a sale of the artifacts, or cannot complete a sale on terms favorable to the Company, we could be less able to put the artifacts to good and profitable use in the future, particularly in light of the uncertainty created by the sale process. In addition, our stock price may be negatively impacted if we are unable to sell the assets on favorable terms, which may reduce our ability to raise capital that may be necessary to fund ongoing operations. If we do sell the artifacts, we might lose the right to exhibit the artifacts or to use the associated intellectual property, which would reduce our revenues. Any of these factors could affect our results of operations and financial condition.

The price of our common stock may fluctuate significantly, and investors in our common stock could see the value of our common stock decline materially.

The stock market has recently experienced, and may experience in the future, extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industry. Such changes may occur without regard to the operating performance of these companies. In addition, the uncertainty related to our efforts to monetize the Titanic artifact collection has and may continue to add to this price volatility. These fluctuations, both those related to our company and those related to factors that have little to nothing to do with our Company, have and could materially reduce our stock price in the future.

Moreover, companies that have had volatile market prices for their securities have been subject to securities class action lawsuits. Any such lawsuit filed against us, regardless of the outcome, could result in substantial legal costs and a diversion of our management's attention and resources, which in turn could seriously harm our business, results of operations and financial condition.

On April 24, 2014, Premier Exhibitions, Inc. (the "Company") received a letter ("Notice") from the Listing Qualifications Department of the Nasdaq Stock Market ("Nasdaq") indicating that the Company no longer complies with the minimum bid price requirement for continued listing on the Nasdaq Capital Market. Nasdaq Listing Rule 5450(a)(1) requires companies listed on the Nasdaq Capital Market to maintain a minimum bid price of \$1 per share. Since the Company's closing bid price for the prior 30 consecutive business days was below \$1, the Company no longer complies with the Nasdaq Listing Rules.

The Notice does not result in the immediate delisting of the Company's common stock from the Nasdaq Capital Market. Rather, under the Nasdaq Listing Rules, the registrant has 180 calendar days from the date of the Notice, or until October 21, 2014, to regain compliance. In addition, if at any time during this 180 day period the closing price of the Company's stock is at least \$1 for a minimum of ten consecutive business days, the Company will regain compliance with the Listing Rules. During the 180 day period the Company may also submit a plan to regain compliance to Nasdaq and may request additional time to complete the plan.

The Company is currently evaluating various alternative courses of action to regain compliance and intends to timely submit a plan to Nasdaq to regain compliance with the Nasdaq minimum bid price standard. However, there can be no assurance that the Company's plan will be accepted or that if it is, the Company will be able to implement the plan and regain compliance or maintain the listing of its common stock on Nasdaq.

Our inability to effectively and efficiently develop or acquire new exhibitions could seriously harm our results of operations and financial condition.

Our business depends on our ability to develop and present new exhibition concepts or acquire existing exhibition concepts to complement our current exhibitions. If we are unable to identify new exhibitions or if we do not have sufficient capital to develop new exhibitions, our results of operations and financial condition could be seriously harmed.

In addition, the development of new exhibitions often involves significant capital expenditure. If we are unable to effectively budget for new exhibition development, we may not achieve the desired return on new properties, and our results of operations could be harmed.

General economic weakness may have a negative impact on our revenues and make it difficult for us to obtain financing to operate our business.

Our results of operations are sensitive to changes in general economic conditions that impact consumer spending, including discretionary spending for our exhibitions, both domestically and in international markets where we operate. Discretionary consumer spending is impacted by higher levels of unemployment, fuel prices, weakness in the housing markets, higher consumer debt levels, declines in consumer confidence in future economic conditions, higher tax rates, higher interest rates, and other adverse economic conditions. An economic slowdown, and other factors that cause consumers to reduce their discretionary spending to a point where attendance at our exhibitions declines, negatively affect our revenues and results of operations.

If the national or global economy or credit market conditions in general were to deteriorate in the future, it is possible that such changes could put additional negative pressure on discretionary consumer spending and other consumer purchasing habits, which would adversely affect our operating results and make it more difficult for us to obtain financing to operate our business.

The success of our businesses is dependent on the existence and maintenance of intellectual property rights in the products and services we create.

The value to us of our intellectual property is dependent on a number of factors, including the existence and application of laws in the U.S. and in jurisdictions around the world, the manner in which those laws are applied, and the efforts taken by the Company to protect and enforce its rights.

The unauthorized use of our intellectual property by others may reduce our revenues and increase the cost of protecting our intellectual property. The unauthorized use of intellectual property in the entertainment industry in general continues to pose significant challenges. Inadequate laws or weak enforcement mechanisms to protect intellectual property in one country can adversely affect the results of the Company's operations worldwide, despite the Company's efforts to protect its intellectual property. The international nature of our entertainment business requires us to devote substantial resources to protecting our intellectual property against unlicensed use.

With respect to intellectual property owned by the Company, the Company is subject to challenges by third parties. Successful challenges to the ownership of our intellectual property may result in increased costs or the loss of the opportunity to earn revenue derived from the intellectual property that is the subject of challenged rights.

Our exhibition business is sensitive to public tastes. If we are unable to anticipate or respond to changes in consumer preferences, demand for our exhibitions could decrease.

Our ability to generate revenue from our exhibitions is highly sensitive to changes in public tastes. Our success depends in part on our ability to anticipate the preferences of consumers and to offer appealing exhibitions. We typically book each exhibition venue several months in advance of an exhibition's opening and incur certain upfront costs prior to our receiving any operating income. Therefore, if the public is not receptive to a particular exhibition or location, we could incur a loss depending on the amount of the incurred costs. Moreover, if we are not able to anticipate, identify or react to changes in public tastes, reduced demand for our exhibitions will likely result. Any of the foregoing could adversely affect our results of operations and financial condition.

Our business may be harmed as a result of litigation.

We are a party to several ongoing material legal proceedings. These proceedings are described below in Item 3 of Part I of this report under the heading "Legal Proceedings" and also in the "Litigation and Other Legal Matters" footnote to our Consolidated Financial Statements included in Item 8 of Part II of this report. Should an unfavorable outcome occur in some or all of our current legal proceedings, or if successful claims and other actions are brought against us in the future, our business, results of operations and financial condition could be seriously harmed. In addition, the professional cost associated with this litigation may consume the Company's limited capital, which may constrain the Company's ability to develop new content and pursue other opportunities.

If we are unable to maintain our salvor-in-possession rights to the Titanic wreck and wreck site, our Titanic exhibitions could face increased competition.

We are the exclusive salvor-in-possession of the Titanic wreck and wreck site. Our salvor-in-possession status enables us to prevent third parties from salvaging the Titanic wreck and wreck site and from interfering with our rights to salvage the wreck and wreck site. To maintain our salvor-in-possession rights, we must maintain a presence over the wreck site as interpreted by the courts. In addition, we may have to commence legal proceedings against third parties who attempt to violate our rights as salvor-in-possession, which may be expensive and time-consuming. Moreover, the court may not continue to recognize us as the sole and exclusive salvor-in-possession of the Titanic wreck and wreck site. If we were to lose our salvor-in-possession rights, our Titanic exhibitions could be exposed to competition, which could harm our operating results.

We may have a risk of collection of our revenue from exhibitions presented by third parties.

We rely upon third parties to present some of our exhibitions and in many cases those third parties operate the box office and control the sale of the tickets. As a result, we are subject to the risk that we will be unable to collect our portion of the revenue from the exhibitions presented by third party partners. Where we are unable to collect these revenues in accordance with the terms of the contract, we may incur the cost of litigation to recover the amounts owed to us and may ultimately not recover the full value of the receivable.

If our advertising, promotional and other marketing campaigns are not successful, our results of operations could be harmed.

Like many other companies that make entertainment available to the public, we utilize significant resources to advertise, promote and provide marketing support for our exhibitions. For fiscal 2014 and 2013, we incurred marketing and advertising expenses of \$4.1 million and \$5.4 million, respectively. We are also party to agreements pursuant to which we engage third-parties to assist us in the production, design, promotion and marketing of our exhibitions. If our advertising, promotional and other marketing campaigns are not successful, or if we are not able to continue to secure on commercially reasonable terms the assistance of third-parties in our marketing and promotional activities, our results of operations will be harmed.

Our exhibitions are becoming subject to increasing competition that could negatively impact our operating results and financial condition.

Titanic exhibitions. Although we are currently the only entity that exhibits artifacts recovered from the wreck site of the Titanic, we currently encounter competition from other Titanic exhibitions that exhibit replicas of artifacts and memorabilia not obtained directly from the wreck site. In addition, in the future we may encounter competition from other Titanic exhibitions or events, as our Titanic exhibition business continues to change. One example of this competition is an exhibition produced by Imagine Exhibitions, Inc. known as "Titanic the Exhibition." Imagine Exhibitions, Inc. is owned by Thomas Zaller, a former senior executive of the Company. The Company believes that this exhibition was created by improperly and unlawfully utilizing intellectual property owned by us. We have filed a lawsuit against Mr. Zaller personally, Imagine Exhibitions, Inc. and certain of its affiliates to protect our rights, but currently this exhibition is competing against our Titanic exhibitions. Another example of this competition emanates from an adverse ruling in 1999 by the U.S. Court of Appeals for the Fourth Circuit which left us with non-exclusive rights to photograph and film the Titanic wreck site. As a result of this ruling, other companies can now photograph and film the Titanic wreck site, which exposes us to increased competition that could, for example, result in our loss of future exhibitions or other opportunities, such as documentary film rights. Moreover, it is possible that other companies may, albeit in violation of our Salvor-in-Possession rights, attempt to explore the Titanic wreck site in the future. If any of these companies were successful, we would face increased competition as well as increased costs necessary to defend and preserve our rights. The availability of remotely-operated vehicles for charter from third-parties to conduct expeditions may make it easier for others to gain access to the Titanic site in violation of our Salvor-in-Possession rights. Any of these developments could have an adverse impact on our financial performance.

Human anatomy exhibitions. Our human anatomy exhibitions face intense competition with other human anatomy exhibitions similar to ours offered by various companies in the U.S. and around the world. As a result, we may lose visitors to our exhibits based on competitors' claims, the proximity of competing exhibitions to ours, and our ability to advertise and otherwise entice visitors to our exhibits in the extremely competitive marketplace. In addition, if a significant number of new human anatomy exhibitions were to enter the same markets in which our exhibitions are offered or are planned to be offered, attendance at our human anatomy exhibitions could decline and our results of operations and financial condition could be harmed.

The Company's Titanic and Human anatomy exhibitions have been touring for a number of years. Our ability to locate venues to present these exhibitions is impacted by the number of venues that have previously presented each exhibition. As a result, each exhibition is subject to increasing competition from new properties in the market place.

Other exhibitions. If we are successful in presenting our new exhibitions, competitors may bring similar exhibitions of their own to the market. To the extent competitors are successful at marketing and promoting competing exhibitions, our results of operations and financial condition could be harmed.

Events harming our reputation could adversely affect our business prospects, financial results and stock price.

We are dependent on our reputation. Events that can damage our reputation include, but are not limited to, legal violations, actual or perceived ethical problems, particularly related to our human anatomy exhibitions, actual or perceived poor employee relations, actual or perceived poor customer service, venue appearance or operational issues, or events outside of our control that generate negative publicity with respect to our company. Any event that has the potential to negatively impact our reputation could negatively affect our business prospects, financial results and stock price.

We are dependent upon our ability to locate effective venues for exhibitions, either in museums or in leased exhibition space. If we are unable to lease exhibition venues on acceptable terms or to partner with museums to present our exhibitions, our results of operations could be adversely affected.

We require access to exhibition venues owned or leased by third parties to conduct our stationary exhibitions. Our long-term success depends, in part, on our ability to utilize such venues on commercially reasonable terms. We also present our exhibitions in museums. If we are unable to develop and maintain relationships with museums to present our exhibits, or if demand for our exhibits from the museum community declines, our results of operations and financial condition could be harmed.

We cannot assure investors that remediation efforts we have taken to address the material weaknesses in our internal controls that led to our restatement will prevent future material weaknesses.

We have identified control deficiencies in our financial reporting process that constituted a material weakness, leading to the restatement of our previously issued fiscal year 2013 quarterly financial statements during fiscal year ended February 28, 2013. We have undertaken measures to remediate these weaknesses. There can be no assurance that we will not suffer from other material weaknesses in the future. If we fail to remediate these material weaknesses or fail to otherwise maintain effective internal controls over financial reporting in the future, it could result in a material misstatement of our annual or quarterly financial statements that would not be prevented or detected on a timely basis and which could cause investors and other users to lose confidence in our financial statements, limit our ability to raise capital and have a negative effect on the trading price of our common stock.

We have recently made changes to key management positions and our failure to successfully adapt to changes in key management, and/or our inability to fill other vacant key positions, may adversely affect our business.

During fiscal years 2012 and 2013 our Board of Directors appointed a new President and Chief Executive Officer, added the title of Chief Operating Officer to our Chief Financial Officer, and appointed a new executive to lead our exhibition subsidiary. These changes in key management and the potential for additional appointments could create uncertainty among our employees, customers, partners and promoters and could result in changes to the strategic direction of our business, which could negatively affect our business, operating results and financial position. In addition, the changes in management have resulted in a higher level of overall compensation for the executive team. Any failure of our management to work together to effectively manage our operations, our inability to hire other key management, and any failure to effectively integrate new management into our controls, systems and procedures may materially adversely affect our business, results of operations and financial condition.

We believe that our future success depends to a significant degree on the skills and efforts of our management team. If we lose the services of any of our current senior executive officers and key employees, our ability to achieve our business objectives could be seriously harmed, in turn adversely affecting our business and operating results.

Severe weather may impact our operations at our stationary exhibitions, which contribute a significant portion of our revenue and income.

Severe weather has significantly impacted our operations in New York City. Severe weather may impact our operations and prohibit us from presenting exhibitions. Particularly where such severe weather impacts our stationary exhibit operations in New York City, New York, Atlanta, Georgia, Las Vegas, Nevada or Orlando, Florida, the inability to operate may significantly impact our revenues and income. While the Company maintains property insurance and, where appropriate, business interruption coverage, insurance proceeds may not fully compensate the Company for its loss of revenue and business opportunity.

Through our co-promoters, we conduct exhibitions outside of the United States, which subjects us to additional business risks that could increase our costs and cause our profitability to decline.

During fiscal 2014, we derived approximately \$2.4 million or 8% of our total revenue from exhibitions located outside of the U.S. We intend to continue to pursue international exhibition opportunities. Our international exhibitions are subject to a number of risks, including the following:

- § changes in foreign regulatory requirements;
- § difficulties in staffing, training and managing foreign operations;
- § changing and irregular enforcement of legal regulations;
- § difficulties in collecting amounts due from foreign partners; and
- § political and economic instability.

We are also subject to risks arising from currency exchange rate fluctuations, which could increase our costs and cause our profitability to decline. Our financial arrangements with foreign vendors are mostly based upon foreign currencies. As a result, we are exposed to the risk of currency fluctuations between the U.S. dollar and the currencies of the countries in which our exhibitions are touring. The U.S. dollar value of our foreign-generated revenues varies with currency exchange rate fluctuations. Significant volatility in the value of the U.S. dollar relative to foreign currencies could harm our results of operations and financial condition.

Certain aspects of our operations are subject to governmental regulation, and our failure to comply with any existing or future regulations could seriously harm our business, results of operations and financial condition.

Our exhibitions are subject to federal, state and local laws, both domestically and internationally, governing various matters, such as:

- § licensing and permitting;
- § health, safety, environmental and sanitation requirements;
- § working conditions, labor, minimum wage and hour, citizenship and employment laws; and
- § sales, use and other taxes and withholding.

We cannot predict the extent to which existing or future laws or regulations could impact our operations. Although we generally contract with a third party for various services at our venues, we cannot provide assurances that we or our third-parties are in full compliance with all applicable laws and regulations at all times, that we or our third-parties will be able to comply with any future laws and regulations or that we will not incur liabilities for violations by us or third-parties with which we maintain a relationship. Our failure or the failure of any of our third-parties with which we maintain a relationship to comply with laws and regulations could also cause us to be subject to investigations or governmental actions that could seriously harm our business.

We may be unable to hire and retain the personnel we need and, as a result, could lose our competitive position.

To meet our business objectives, we must continue to attract and retain skilled technical, operational, managerial and sales and marketing personnel. We face significant competition for these skilled professionals from other companies, research and academic institutions, government entities and other organizations. If we fail to attract and retain the necessary personnel, we may be unable to achieve our business objectives and may lose our competitive position, which could harm our business revenue. In addition, our recent efforts to reduce headcount and general and administrative expenses may harm our ability to attract or retain the personnel we need.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Principal Executive Offices

Our principal executive office is located at 3340 Peachtree Road, N.E., Suite 900, Atlanta, Georgia. This space, which consists of 12,874 square feet, is used for management, administration and marketing purposes. The Company entered into an eighth amendment to the lease for its principal executive office space in Atlanta, Georgia effective January 1, 2014 which extends the lease until May 31, 2017.

Warehouse Space for Artifacts and Other Exhibitory

The Company leases warehouse and lab space for the conservation, conditioning and storage of artifacts and other exhibitry. On October 12, 2011, the Company entered into a lease agreement for approximately 48,000 square feet of warehouse and lab space in Atlanta, Georgia. The agreement is for a five-year term with two additional options to extend for up to an additional ten years. For security purposes, we do not disclose the location of this property. Other storage space has been rented on a month-to-month basis, in various locations, as needed.

Warehouse Space for Exhibitory Assets

The Company leases warehouse space to store the Arts and Exhibition, LLC exhibitry. On January 16, 2013, the Company entered into a 6 ½ month lease agreement for approximately 21,000 square feet of warehouse space in Atlanta, Georgia. In August 2013, the Company extended this lease through March 2015.

Warehouse Space for Merchandise Inventory

The Company leases warehouse space for its merchandise inventory under a lease assumed as part of the Exhibit Merchandising, LLC acquisition. The Company assumed a lease dated March 2011, for approximately 20,000 square feet of warehouse space in Statesboro, Ohio under a lease that expired in August 2013. In August 2013, the Company extended this lease to August 14, 2017.

Luxor Hotel and Casino – Las Vegas, Nevada

On March 12, 2008, the Company entered into a ten-year lease agreement for exhibition space with Ramparts, Inc., owner and operator of The Luxor Hotel and Casino in Las Vegas, Nevada, with an option to extend for up to an additional ten years. This lease includes approximately 36,141 square feet of space within the Luxor Hotel and Casino. We use the space, among other things, to present our “Bodies...The Exhibition” and “Titanic: The Experience” exhibitions. The lease commenced with the completion of the design and construction work which related to the opening of our “Bodies...The Exhibition” exhibition in August 2008 and the opening of the Titanic exhibition in December 2008. See discussion in **Note 11. Lease Abandonment** regarding abandonment of a portion of the leased space.

417 Fifth Avenue - New York City, New York

On April 9, 2014, the Company entered into a 130-month lease agreement for exhibition and retail space with 417 Fifth Avenue Real Estate, LLC in New York City, New York. This lease includes approximately 51,000 square feet of space at 417 Fifth Avenue between 37th and 38th streets in the Grand Central district and is near Bryant Park, the Empire State Building and only a few blocks east of Times Square. Specific information about the exhibitions that will be opening in the space will be released at a later date. The lease commences with the completion of design and construction work estimated to be in the third fiscal quarter of 2015. Total future minimum payments under this lease are approximately \$45.8 million.

Atlantic Station – Atlanta, Georgia

On July 2, 2008, the Company entered into a lease agreement for exhibition space with Atlantic Town Center in Atlanta, Georgia. Until March 6, 2012, we used the space to present our “Bodies...The Exhibition” and our “Dialog in the Dark” exhibitions. This space is currently being used to present our “Bodies...The Exhibition” and our “Extreme Dinosaurs” exhibitions. The initial lease term was for three years with four one-month renewal options and was scheduled to expire in February 2012. On September 30, 2011, the Company entered into a first amendment to this lease. The first amendment extended the lease term for an additional 16 months, with a two year extension option, and expiring January 31, 2013. On October 22, 2012, the Company entered into a second amendment to the lease for its exhibition space in Atlantic Station in Atlanta, Georgia. The lease term is for an additional 24 months from February 1, 2013 through January 31, 2015.

Seaport - New York City, New York

On April 7, 2008 the Company entered into a lease agreement for exhibition space with General Growth Properties, Inc. in New York City, New York. We used the space to present our “Bodies...The Exhibition” exhibition and a “Dialog in the Dark” exhibition. On July 26, 2012, the Company entered into a first amendment to the lease for an additional 12 months from January 1, 2013 through December 31, 2013 pursuant to the first amendment, the lease could be terminated by the lessor with a ninety day written notice, but not prior to June 30, 2013. The Company’s exhibitions at The South Street Seaport in New York City (“Seaport”) were closed at the end of October 2012 due to complications from Hurricane Sandy and subsequent action by governmental authorities and the landlord. The exhibitions remain closed. Following Hurricane Sandy, municipal authorities ordered that the building not be reopened to the public until the landlord made the necessary repairs. In December 2012, the landlord notified the Company that it had no estimate for the date the facility would be reopened. On January 2, 2013, the landlord notified the Company that it intended to terminate the Company’s South Street Seaport lease on June 30, 2013.

Buena Park, California

On April 3, 2013, the Company entered into a lease agreement for exhibition space with the Successor Agency of the Community Redevelopment Agency of the City of Buena Park, California. We opened the space in the second quarter of 2014 and currently present “Bodies...The Exhibition” and “Titanic: The Experience” exhibitions in the space. The Company leased the exhibition space for \$1 per month through January 1, 2015, and has agreed to make capital improvements to the space and to maintain the facility during the term.

“Titanic – The Experience” – Orlando, Florida

On October 17, 2011, the Company entered into the assignment and second amendment to lease for exhibition space with George F. Eyde Orlando, LLC and Louis J. Eyde Orlando, LLC. We use the space to present our “Titanic – The Experience” exhibition and dinner theatre. The lease term is for five years and expires in September 2016. In January 2014, the Company entered into an additional amendment to the lease to provide the Company with the option to terminate the lease in June 2015.

Touring Exhibitions

From time to time the Company enters into short-term lease agreements for exhibition space for its touring exhibitions. At February 28, 2014, the Company had no obligations under lease agreements its touring exhibits.

ITEM 3. LEGAL PROCEEDINGS

Status of Salvor-in-Possession and Interim Salvage Award Proceedings

The Company has been party to a salvage case titled *RMS Titanic, Inc. v. The Wrecked and Abandoned Vessel, et al., in rem* for nearly 20 years. The Company has served as sole salvor-in-possession of the Titanic wreck site since 1994. On August 12, 2010, the U. S. District Court for the Eastern District of Virginia (the "District Court") issued an opinion granting a salvage award to RMST based upon the Company's work in recovering and conserving over three thousand artifacts from the wreck of Titanic during its expeditions conducted in 1993, 1994, 1996, 1998, 2000, and 2004 (the "Post 1987 Artifacts"). The Company was awarded 100 percent of the fair market value of the artifacts, which the District Court set at approximately \$110 million. The District Court reserved the right to determine whether to pay the Company a cash award from proceeds derived from a judicial sale, or in the alternative, to issue the Company an *in-specie* award of title to the artifacts with certain covenants and conditions which would govern their maintenance and future disposition.

On August 15, 2011, the District Court granted an *in-specie* award of title to the artifacts to RMST for the Post 1987 Artifacts. Title to the Post 1987 Artifacts comes with certain covenants and conditions drafted and negotiated by the Company and the United States government. These covenants and conditions govern the maintenance and future disposition of the artifacts. These covenants and conditions include the following:

-) The approximately 2,000 "1987 Artifacts" and the approximately 3,500 "Post 1987 Artifacts" must be maintained as a single collection;
-) The combined collections can only be sold together, in their entirety, and any buyer of the assets would be subject to the same conditions applicable to RMST and the purchase subject to court approval; and
-) RMST must comply with provisions that guarantee the long-term protection of all of the artifacts. These provisions include the creation by RMST of a reserve fund (the "Reserve Fund"). The Reserve Fund is irrevocably pledged to and held for the exclusive purpose of providing a performance guarantee for the maintenance and preservation of the Titanic collection for the public interest. The Company will pay into the Reserve Fund a minimum of twenty five thousand dollars (\$25 thousand) for each future fiscal quarter until the corpus of such Reserve Fund equals five million dollars (\$5 million). Though not required under the covenants and conditions, the Company may make additional payments into the Reserve Fund as it deems appropriate, consistent with its prior representations to the Court and sound fiscal operations. The Company established the Reserve Fund and funded it with \$25 thousand during November 2011 and continues to fund it with quarterly \$25 thousand payments. The current balance in the Reserve Fund is \$257 thousand, including interest income.

During these proceedings, on July 2, 2004, the District Court also rendered an opinion and order in which it held that it would not recognize a 1993 Proces-Verbal, pursuant to which the government of France granted RMST title to all artifacts recovered from the wreck site during the 1987 expedition (the "1987 Artifacts"). RMST appealed the July 2, 2004 District Court order to the Appellate Court. On January 31, 2006, the Appellate Court reversed the lower court's decision to invalidate the 1993 Proces-Verbal, pursuant to which the government of France granted RMST title to all artifacts recovered from the wreck site during the 1987 expedition. As a result, the Appellate Court tacitly reconfirmed that RMST owns the approximately 2,000 artifacts recovered during the 1987 expedition. These artifacts were not part of the August 2011 award, but are now subject to the covenants and conditions agreed to by the Company.

Status of International Treaty Concerning the Titanic Wreck

The U.S. Department of State (the "State Department") and the National Oceanic and Atmospheric Administration of the U.S. Department of Commerce ("NOAA") are working together to implement an international treaty (the "Treaty") with the governments of the United Kingdom, France and Canada concerning the Titanic wreck site. If implemented in this country, this treaty could affect the way the District Court monitors our salvor-in-possession rights to the Titanic. These rights include the exclusive right to recover artifacts from the wreck site, claim possession of and perhaps title to artifacts recovered from the site, and display recovered artifacts. Years ago we raised objections to the State Department regarding the participation of the U.S. in efforts to reach an agreement governing salvage activities with respect to the Titanic. The proposed Treaty, as drafted, did not recognize our existing salvor-in-possession rights to the Titanic. The United Kingdom signed the Treaty in November 2003, and the U.S. signed the Treaty in June 2004. For the Treaty to take effect, the U.S. must enact implementing legislation. As no implementing legislation has been passed, the Treaty currently has no binding legal effect.

In August 2011, the State Department and NOAA resubmitted draft legislation to Congress. Since that time, RMST has worked with the U.S. government to develop a number of textual modifications to this proposed implementing legislation to address the Company's concerns. The proposed legislation has not passed and for now the legislation process has stalled.

Other Litigation

On February 26, 2013, the Company filed suit in the U.S. District Court for the Northern District of Georgia, Atlanta Division against Thomas Zaller and his companies, Imagine Exhibitions, Inc. and Imagine Exhibitions, PTE, LTD. Mr. Zaller is a former executive of the Company. The suit alleges that Mr. Zaller and his companies fraudulently obtained certain of the Company's confidential and proprietary intellectual property related to the design of its Titanic exhibitions. The Company claims that Mr. Zaller and his companies unlawfully used such property in the development of their own competing Titanic exhibition which was presented this year at the Venetian Macau, and which is now being marketed around the world. In the suit, the Company makes claims against Mr. Zaller personally for conversion, breach of contract, and misappropriation of trade secrets under Georgia law. The Company makes claims against Mr. Zaller and his companies for unjust enrichment, fraud, fraudulent inducement, and trade dress violations under the Lanham Act. The Company has sued for unspecified damages. The case is still in its early stages and the outcome of the case is not readily determinable at this time.

In a related matter, on April 29, 2013, the Company filed suit in the U.S. District Court for the Middle District of Florida, Jacksonville Division against Kingsmen Creatives, LTD, and Kingsmen Exhibits PTE, LTD. Kingsmen Creatives is a publicly traded Singapore based design company and is traded on the Singapore Exchange. Kingsmen Exhibits PTE, LTD. is a wholly-owned subsidiary of Kingsmen Creatives, LTD. and designs exhibition and museum properties. The Kingsmen companies partnered with Thomas Zaller and his companies in development of their competing Titanic exhibition. The Company alleges that the Kingsmen companies participated in an unlawful conspiracy with Thomas Zaller and his companies which caused injury to the Company. The Company also made claims against the Kingsmen companies for conversion, misappropriation of trade secrets under Florida law, unjust enrichment, and trade dress violations under the Lanham Act. The Company sued for unspecified damages. The court recently ruled that it lacked personal jurisdiction over Kingsmen Creatives, LTD and Kingsmen Exhibits PTE, LTD. and dismissed the case. The Company has filed an appeal of this dismissal, which is pending.

On April 22, 2013, Kingsmen Exhibits PTE, LTD. filed suit against the Company in the High Court of the Republic of Singapore. This suit followed extensive correspondence between the Company and the Kingsmen companies regarding the allegations of wrongdoing by the Kingsmen companies, along with their partners Thomas Zaller and his companies. Kingsmen seeks a judgment declaring that they did not violate the Singapore Copyright Act and the Singapore Trademark Act and prohibiting the Company from continuing to make claims that Kingsmen infringed the Company's copyrights and trademarks. Kingsmen also seeks unspecified damages from the Company related to actions taken by the Company to protect its confidential and proprietary intellectual property. On December 18, 2013, the Company filed a counterclaim against Kingsmen Exhibits PTE, LTD. in this lawsuit. In the counterclaim, the Company alleges that Kingsmen unlawfully competed against the Company in the development and operation of its competing Titanic exhibition. Specifically, the Company alleges that Kingsmen infringed on its copyrights by unlawfully obtaining and using the Company's design files to build its exhibitions. The Company seeks to enjoin Kingsmen from continuing to infringe on its rights, and for unspecified damages related to the infringement. The case is still in its early stages and the outcome of the case is not readily determinable at this time.

On February 14, 2014, SeaVentures, LTD. filed suit against the Company in the Circuit Court for the Ninth Judicial District in Orange County, Florida. The suit alleges that the Company breached a contract with SeaVentures under which we were required to present one or more Titanic exhibitions jointly presenting Titanic artifacts and artifacts recovered from the RMS Carpathia which are owned by SeaVentures, LTD. SeaVentures seeks \$743 thousand plus interest and costs. The case is in its initial stages and the outcome of the case is not readily determinable at this time.

From time to time the Company is or may become involved in other legal proceedings that result from the operation of its exhibitions and business.

Settled Litigation

On July 30, 2009, Sports Immortals, Inc. and its principals, Joel Platt and Jim Platt (together, "Sports Immortals"), filed an action against the Company in the Circuit Court of the Fifteenth Judicial District in Palm Beach County, Florida for claims arising from their license agreement with the Company under which the Company obtained rights to present sports memorabilia exhibitions utilizing the Sports Immortals, Inc. collection. The plaintiffs alleged that the Company breached the contract when the Company purported to terminate it in April of 2009, and they sought fees and stock warrant agreements required under the agreement. The Company filed its answer and counterclaims on September 7, 2009. Answering the complaint, the Company denied plaintiffs' allegations and maintained that the Sports Immortals, Inc. license agreement was properly terminated. The Company counterclaimed against the plaintiffs for breach of contract, fraudulent inducement and misrepresentation, breach of the covenant of good faith and fair dealing, and violation of Florida's deceptive and unfair practices act. On August 16, 2011, the Company and Sports Immortals entered into a Settlement and Release Agreement (the "Agreement"). In exchange for full settlement and release of all claims of Sports Immortals, pursuant to the Agreement the Company agreed to pay \$475 thousand currently, \$475 thousand on the first anniversary of settlement, and to exchange certain warrants previously issued to Jim Platt and Joel Platt for warrants with an exercise price set at the market price on the date of settlement of \$1.82. An expense of \$6 thousand for the exchange of these warrants is included in General and administrative expenses for the year ended February 29, 2012. In third quarter of fiscal 2010, the Company accrued \$167 thousand as an estimate of the cost to settle this litigation. An additional expense of \$783 thousand was recorded in second quarter of fiscal 2012. The first installment of the settlement agreement of \$475 thousand was paid on September 7, 2011. The remaining \$475 thousand settlement payable was paid during the second quarter of fiscal 2013.

In April 2011, the Company filed suit in the U.S. District Court for the Northern District of Georgia against Serge Grimaux and his companies, including Serge Grimaux Presents, Inc. and 9104-5773 Quebec, Inc. The suit alleges that Grimeaux failed to pay over \$800 thousand due and owing the Company under a series of license agreements pursuant to which Mr. Grimaux and his entities presented the Company's Titanic and human anatomy exhibitions in venues throughout Canada. The Company settled this litigation on November 10, 2011 for \$375 thousand, of which \$215 thousand has been received and the remainder of which is subject to collection. As of February 28, 2014, a receivable of \$61 thousand, net of allowance for doubtful accounts of \$185 thousand, is included in the Company's accounts receivable.

On August 5, 2011, the Company filed suit in the U.S. District Court for the Southern District of New York against Gunther Von Hagens and his company, Plastination Company, Inc. The suit alleged that Von Hagens and Plastination breached a settlement agreement with the Company, tortiously interfered with the Company's business, conspired against the Company and engaged in unfair competition practices. These claims related to information Von Hagens and Plastination provided to ABC News and other third-parties about the origin of the human anatomy specimens licensed by the Company and used in its human anatomy exhibitions. The Company sued for unspecified damages. On April 23, 2013, the parties entered into a confidential settlement agreement under which the lawsuit has been dismissed. The proceeds related to this settlement have been included in the first quarter of fiscal 2014 consolidated statement of operations.

On August 7, 2012, the Company filed suit against Marmargar, Inc. in the United States District Court for the Northern District of Georgia, Atlanta Division. The Company filed suit in response to a claim by Marmargar regarding amounts allegedly due Marmargar pursuant to two alleged contracts with the Company. In particular, Marmargar sought four percent of all monies received by the Company from a future sale of the Titanic artifacts. The Company denied all claims of Marmargar. In its lawsuit, the Company sought a judgment from the Court declaring that the alleged contracts were unenforceable and that the Company did not owe Marmargar any monies. The case was transferred to the United States District Court for the Eastern District of Virginia, Norfolk Division, where Marmargar had consented to jurisdiction. Marmargar filed a counterclaim seeking to enforce the two alleged contracts. On April 4, 2013, the parties entered into a confidential settlement agreement under which the lawsuit has been dismissed. The expense related to this settlement was recorded in the fourth quarter of fiscal 2013.

Revenue and Sales and Use Tax Examinations

As of February 28, 2014, the Internal Revenue Service ("IRS") completed its examination of the Company's federal tax returns for the fiscal years ended February 28(29), 2010, 2009, 2008 and 2007, with no significant adjustments required. The tax years February 28 (29), 2011-2014 remain open to IRS examination. In addition to the review by the IRS, the Company is, at times, under review by various state revenue authorities.

As of May 8, 2014, the State of New York has completed its most recent examination of the Company's sales and use tax returns for all periods through May 31, 2012. The State of New York has assessed additional sales and use tax of approximately \$374 thousand, including interest of \$93 thousand, of which \$37 thousand is accrued in the Company's financial statements as of February 28, 2014. The Company is appealing the remaining balance assessed by the State of New York as it relates to license payments for our Bodies exhibitions. The Company's position is that given the terms of the license, it is prohibited from charging sales tax and if the Company cannot charge sales tax, the Company cannot charge use tax.

In addition, the specimens were donated so the value was zero; without the plastination process, the specimens could not be exhibited; the royalty payments were payments for the "know-how" associated with the plastination process (which was patented) and not rental of the specimens; the purpose of the Seller, found in the whereas clauses of the Specimen Agreement, was to "promote scientific exchange" and was not purely commercial; the NY Attorney General agrees that these were human bodies based on the 2008 Settlement Agreement. In addition, if the specimens were deemed taxable, the tax base would be minimized since the fair market value of the specimens was zero since the specimens were donated and the Agreement contains other intangibles such as "non-compete" and "right of first refusal."

The Company believes that adequate provisions for resolution of all contingencies, claims and pending litigation have been made for probable losses and that the ultimate outcome of these actions will not have a material adverse effect on the Company's financial condition.

ITEM 4. MINING SAFETY DISCLOSURE

Not applicable.

EXECUTIVE OFFICERS

The following table sets forth information about our executive officers as of the date of this report.

<u>Name</u>	<u>Age</u>	<u>Position (s)</u>
Samuel S. Weiser	54	President and Chief Executive Officer, Director
Michael J. Little	47	Chief Financial Officer and Chief Operating Officer
John Norman	54	President of Premier Exhibitions Management, LLC & President of Arts and Exhibition International, LLC

Samuel S. Weiser, President, Chief Executive Officer and Director

Mr. Weiser has served as our President and Chief Executive Officer since June 29, 2012. Mr. Weiser has previously served as our Interim President and Chief Executive Officer from November 28, 2011 until June 29, 2012 and served as our Interim Chief Financial Officer from May 19, 2011 until June 27, 2011. Prior to his appointment as Interim Chief Financial Officer, Mr. Weiser had been serving as a consultant to the Company and overseeing the Company's finance function while the Company began conducting a search for a permanent Chief Financial Officer. Mr. Weiser served as the Chief Operating Officer of Sellers Capital LLC where he was responsible for all non-investment activities from 2007 to 2010. Mr. Weiser is also a member of Sellers Capital LLC and an indirect investor in Sellers Capital Master Fund, Ltd., the Company's largest shareholder and an investment fund managed by Sellers Capital LLC. From April 2005 to 2007, he was a Managing Director responsible for the Hedge Fund Consulting Group within Citigroup Inc.'s Global Prime Brokerage division. Mr. Weiser is also a former partner in Ernst & Young. Mr. Weiser also serves as a director of Paragon Technologies, Inc and SED International Holdings, Inc. He received a Bachelor of Arts in Economics from Colby College and a Master of Science in Accounting from George Washington University. Mr. Weiser is a Certified Public Accountant.

Michael J. Little, Chief Financial Officer and Chief Operating Officer

Mr. Little has served as our Chief Financial Officer since June 27, 2011 and our Chief Operating Officer since November 28, 2011. Mr. Little was formerly a consultant with The Edge Group, LLC, a consulting practice specializing in strategic and tactical planning, acquisition services, complex financial modeling, investor presentations, organizational structure analysis, and new system implementation. From 1997 through 2009, Mr. Little was employed by Feld Entertainment, a worldwide producer of live family entertainment, in various financial and strategic planning roles. He served as Chief Financial Officer of Feld Entertainment from 2004 to 2009. Mr. Little received a Bachelor of Science degree from Towson State University and a Master of Science in Business from Johns Hopkins University.

John Norman, President of Premier Exhibition Management, LLC and Arts and Exhibition International, LLC

Mr. Norman has served as President of Arts and Exhibition International, LLC (formerly PEM Newco, LLC), a subsidiary of Premier Exhibition Management, LLC, since June 25, 2012 and as President of Premier Exhibition Management, LLC since April 2, 2013. Mr. Norman previously served as Vice President of SFX Exhibitions and as Co-President and Chief Operating Officer of Clear Channel Communications which acquired SFX in 2000. In 2002, Mr. Norman founded Arts & Exhibitions International (AEI) and served as its President until it was acquired by AEG Live in 2007. Mr. Norman served as President of the Arts and Exhibitions International division of AEG Live, until the Company's April 2012 acquisition of substantially all of its assets.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Since November 16, 2006, our common stock has been quoted on the NASDAQ Global Market under the symbol "PRXI." The following table provides the high and low sales prices for our common stock for fiscal 2014 and fiscal 2013.

Prices of our Common Stock

	<u>High</u>	<u>Low</u>
Fiscal 2014		
Fourth Quarter ended February 28, 2014	\$ 1.22	\$ 0.88
Third Quarter ended November 30, 2013	1.76	1.05
Second Quarter ended August 31, 2013	2.00	1.52
First Quarter ended May 31, 2013	2.93	2.00
Fiscal 2013		
Fourth Quarter ended February 28, 2013	\$ 2.86	\$ 2.12
Third Quarter ended November 30, 2012	2.99	2.16
Second Quarter ended August 31, 2012	2.86	2.10
First Quarter ended May 31, 2012	3.75	2.15

During the year ended February 28, 2014, employees of the Company surrendered 13,537 shares of stock worth approximately \$19 thousand to satisfy tax obligations with respect to the vesting of the restricted stock units issued. These shares were repurchased at the share price based upon the closing date on the day of vesting.

During the year ended February 28, 2013, employees of the Company surrendered 52,847 shares of stock worth approximately \$145 thousand to satisfy their tax obligations with respect to the vesting of restricted stock issued pursuant to the Company's Equity Incentive Plan. These shares were repurchased at the share price based upon the closing date on the day of vesting.

On June 17, 2013, the Company announced that the Board of Directors approved a stock repurchase authorization pursuant to which the Company may repurchase up to 1.5 million shares of outstanding common stock. The authorization will terminate on the date the full number of authorized shares have been repurchased or when otherwise terminated by the Board of Directors. The Company may repurchase shares of its common stock on the open market at times and prices considered appropriate by the Board of Directors and management. Repurchasing will take place through brokers and dealers and may be made under a Rule 10b5-1 plan. During the year ended February 28, 2014, the Company repurchased 387,307 shares at an average price of \$1.31, excluding commissions, pursuant to authorization.

Holders

On February 28, 2014, we had approximately 2,052 holders of record of our common stock. This number does not include shareholders for whom shares are held in a "nominee" or "street" name.

Dividends

We have never declared or paid cash dividends on our common stock. We currently intend to retain any future earnings generated from our operations to finance operations and future growth.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, many of which are outside of our control and are difficult for us to forecast or mitigate. The factors that could cause our actual results to differ materially from those expressed or implied by us in any forward-looking statements contained herein or made elsewhere by or on behalf of us include the risks described elsewhere in this Form 10-K and in certain of our other Securities and Exchange Act Commission filings.

The consolidated results of operations for the years ended February 28, 2014 and February 28, 2013 are not necessarily indicative of the results that may be expected for any future period. The following discussion should be read in conjunction with the consolidated financial statements and the notes thereto included in Part II, Item 8 of this Form 10-K and in conjunction with the "Risk Factors" included in Part I, Item 1A of this Form 10-K.

Introduction

The following discussion provides information to assist in the understanding of our financial condition and results of operations, and should be read in conjunction with the consolidated financial statements and related notes appearing elsewhere in this report. This discussion and analysis is organized into the following sections:

- § Overview;
- § Key Exhibitions;
- § Results of Operations;
- § Liquidity and Capital Resources;
- § Contractual Obligations;
- § Off-Balance Sheet Arrangements;
- § Critical Accounting Policies; and
- § Recent Accounting Pronouncements.

Overview

Premier Exhibitions, Inc. and subsidiaries, (the “Company” or “Premier”) is in the business of presenting to the public museum-quality touring exhibitions around the world. Since our establishment, we have developed, deployed, and operated unique exhibition products that are presented to the public in exhibition centers, museums, and non-traditional venues. Income from exhibitions is generated primarily through ticket sales, third-party licensing, sponsorships and merchandise sales.

Titanic Ventures Limited Partnership (“TVLP”), a Connecticut limited partnership, was formed in 1987 for the purposes of exploring the wreck of the R.M.S. Titanic and its surrounding oceanic areas. In May of 1993, RMS Titanic, Inc. (“RMST”) entered into a reverse merger under which RMST acquired all of the assets and assumed all of the liabilities of TVLP and TVLP became a shareholder of RMST. In October of 2004, we reorganized and Premier Exhibitions, Inc. became the parent company of RMST and RMST became a wholly-owned subsidiary. Additional wholly-owned subsidiaries were established in order to operate the various domestic and international exhibitions of the Company.

Our business has been divided into an exhibition management division and a content division. The content division is the Company’s existing subsidiary, RMST, which holds all of the Company’s rights with respect to the Titanic assets and is the salvor-in-possession of the Titanic wreck site. These assets include title to all of the recovered artifacts in the Company’s possession, as well as all of the intellectual property (data, video, photos, maps, etc.) related to the recovery of the artifacts and scientific study of the ship.

The exhibition management division includes our exhibition operations and merchandising operations. We formed the entity, Premier Exhibition Management LLC (“PEM”), in September 2011 to manage all of the Company’s exhibition operations. This currently includes the operation and management of our Bodies, Titanic, (pursuant to an intercompany agreement with RMST), Real Pirates and Pompeii exhibitions. PEM will also pursue “fee for service” arrangements to manage exhibitions based on content owned or controlled by third parties. On April 20, 2012, Premier Exhibition Management LLC and its wholly owned subsidiary, PEM Newco, LLC (“Newco”), both subsidiaries of the Company, entered into a purchase agreement with AEG Live LLC, AEG Exhibitions LLC, and Arts and Exhibitions International, LLC pursuant to which Newco purchased substantially all of the assets of Arts and Exhibitions International, LLC (“AEI”). The assets purchased include the rights and tangible assets relating to four touring exhibitions known as “King Tut II,” “Cleopatra,” “America I Am” and “Real Pirates.” Of these four exhibitions, the Company is currently touring only “Real Pirates”. The acquired assets include rights agreements with the owners of the artifacts and intellectual property comprising the exhibitions, museum/venue agreements for existing exhibition venues, sponsorship agreements, a warehouse lease and an office lease. In addition, the acquired assets include intellectual property related to proposed future exhibitions that the Company may further develop and produce including the exhibit “One Day in Pompeii”, which is currently being toured by the Company. The Company will operate any such additional properties through its exhibition management subsidiary. Subsequent to the asset purchase, Newco changed its name to Arts and Exhibitions International, LLC.

As part of the purchase price for the assets of AEI, 10% of the ownership interest in Premier Exhibition Management LLC was transferred to AEG Live LLC. This ownership interest is reported as a “non-controlling interest” in our financial statements, and the financials of Premier Exhibition Management LLC are reported on a consolidated basis.

The exhibition management division also includes our exhibition merchandising business, conducted under the Company’s wholly owned subsidiary, Premier Merchandising, LLC. This entity has purchased the merchandise rights related to the AEI exhibition properties, and also pursues other exhibition merchandising opportunities.

The restructuring of the Company and changes in its management reflect that Premier has two operating segments – Exhibition Management and Content Management (RMS Titanic).

In this report, the terms “Premier Exhibitions, Inc.,” the “Company,” “Premier”, “we,” “us,” and “our” mean Premier Exhibitions, Inc., a Florida corporation, and its subsidiaries.

As of February 28, 2014, we are configured to present four different types of exhibitions, as reflected in the following table:

	Year Ended February 28, 2014		
	Stationary	Touring	Total
Exhibitions owned or leased:			
"Bodies... The Exhibition" and "Bodies Revealed"	3	4	7
"Titanic: The Artifact Exhibition" and "Titanic: The Experience"	4	5	9
"Real Pirates"	-	1	1
"One Day in Pompeii"	-	1	1
Exhibitions under management:			
"Real Pirates"	-	1	1
Total Exhibitions	<u>7</u>	<u>12</u>	<u>19</u>

Our touring exhibitions usually span four to six months. As of February 28, 2014, our stationary exhibitions, which are longer-term exhibitions, are located in Las Vegas, Nevada, Orlando, Florida, Buena Park, California and Atlanta, Georgia. Previously the Company had an additional stationary exhibition in New York City, New York which was closed in late October 2012 due to the impact of Hurricane Sandy and subsequent action by governmental authorities and the landlord. On April 9, 2014, the Company signed a lease to open a new location in New York City, New York.

In addition to developing new content for future exhibitions, the Company continually evaluates its touring capacity and may expand or contract to suit the addressable market for its content.

We first became known for our Titanic exhibitions which present the story of the ill-fated ocean liner, the R.M.S. Titanic (the “Titanic”). The Titanic has captivated the imaginations of millions of people throughout the world since 1912 when she struck an iceberg and sank in the North Atlantic on her maiden voyage approximately 400 miles off the coast of Newfoundland. More than 1,500 of the 2,228 lives on board the Titanic were lost.

We own approximately 5,500 Titanic artifacts recovered from the wreck site 2 ½ miles below the ocean’s surface which we have the right to present at our exhibitions. In 1994, a federal district court declared us salvor-in-possession of the Titanic wreck and wreck site, and, as such, we have the exclusive right to recover additional objects from the Titanic wreck site. Through our explorations, we have obtained and are in possession of the largest collection of data, information, images and cultural materials associated with the Titanic shipwreck. We believe that our salvor-in-possession status puts us in the best position to provide for the archaeological, scientific and educational interpretation, public awareness, historical conservation and stewardship of the Titanic shipwreck. As of February 28, 2014, we had the ability to present 9 concurrent Titanic exhibitions. Management continues to explore ways to expand the Titanic model beyond the exhibition business to broaden the Company’s reach.

In 2004, we diversified our exhibitions beyond the Titanic and into human anatomy by acquiring licenses that give us rights to present exhibitions of human anatomy sets, each of which contains a collection of whole human body specimens plus single human organs and body parts. As of February 28, 2014, we had the ability to present 7 concurrent human anatomy exhibitions.

During the past several years the Company has continued to diversify its exhibition content to expand beyond our Titanic and Bodies exhibitions.

Key Exhibitions

“Titanic: The Artifact Exhibition” and “Titanic: The Experience”

By featuring the artifacts recovered from the wreck site, our exhibitions tell the Titanic’s story from construction through her sinking and discovery as well as the Company’s efforts to preserve the wreck site and conserve recovered artifacts. The artifacts are placed in historically correct re-creations of the significant rooms onboard the ship and are illuminated by moving stories of her passengers and crew. The Company has supplemented the exhibitions with assets generated during the 2010 Titanic expedition such as 3D exhibit and film. The Company’s attendance to its Titanic exhibitions is over 23 million visitors at venues in North America, South America, Asia, Europe and Australia. During fiscal 2014, 9 separate Titanic exhibitions were presented at 19 venues.

“Bodies...The Exhibition” and “Bodies Revealed”

We presently have the right to display multiple human anatomy sets, each of which contains a collection of whole human body specimens plus single human organs and body parts, which are known as “Bodies Revealed” and “Bodies...The Exhibition.” We secured the rights to produce these two types of human anatomy exhibitions through separate exhibition agreements. During fiscal 2014, 6 separate Bodies exhibitions were presented at 10 venues.

These specimens are assembled into anatomy-based exhibitions featuring preserved human bodies, organs and body parts to offer the public an opportunity to view the intricacies and complexities of the human body. The exhibitions include displays of dissected human bodies which are permanently preserved through a process called polymer preservation, also known as plastination. In essence, the bodies are drained of all fat and fluids, which are replaced with polymers such as silicone rubber, epoxy and polyester. This preserves the flesh and maintains its natural look. Skin from the bodies is removed, or partially removed, to reveal musculoskeletal, nervous, circulatory, and reproductive or digestive systems. The full body specimens are complimented by presentation cases of related individual organs and body parts, both healthy and diseased, that provide a detailed look into the elements that comprise each system of the body. Using more than 200 specimens, each exhibition follows a systems-based approach to human anatomy which examines the skeletal, muscular, nervous, digestive, respiratory, circulatory, urinary, integumentary (skin, sweat glands, hair, and nails), and reproductive systems.

Our full-body specimens and individual organs were obtained through plastination facilities mostly in China. The full body specimens are persons who lived in China and died from natural causes. Most of the bodies were unclaimed at death, and were ultimately delivered to medical schools for education and research. Where known, information about the identities, medical history and causes of death is kept strictly confidential. China has a large and highly competent group of anatomists and dissectors, who are essential to properly preparing these specimens for exhibition and educational purposes. In a number of cases, our medical director has been able to identify medical problems that were present in certain organs and, where appropriate, those organs were clearly labeled in the exhibitions. For example, an emphysema-diseased lung is displayed and identified, giving the visitors a visual understanding of the effects of the disease.

“Pompeii: One Day in Pompeii”

During the third fiscal quarter of 2014, the Company, in partnership with the Italian Superintendence for Archaeological Heritage of Naples and Pompeii (SANP), developed a new exhibition on the story of Pompeii that features over 150 authentic artifacts on loan from the Naples National Archaeological Museum. The exhibition will be presented through June 2015.

The exhibition offers visitors a rare look at some of the most valuable artifacts recovered from the debris of the city of Pompeii, many of which will be making their North American debut. The Pompeii exhibition will have a limited three-city tour and started at The Franklin Institute in Philadelphia on November 9, 2013. The opportunity to present this exhibition was acquired as part of the AEG Live, LLC transaction. During fiscal 2014, we presented 1 Pompeii exhibit.

“The Discovery of King Tut”

During the fourth fiscal quarter of 2014, the Company entered into a License Agreement with Semmel Concerts GmbH, a German entity, (“Semmel”) to present an exhibition based on King Tutankhamun. The term of the Agreement is five (5) years from the opening date of the exhibition. The exhibition, titled The Discovery of King Tut, uses high quality artistic and scientific reproductions of artifacts found in the tomb of King Tutankhamun to recreate the moment of Howard Carter’s discovery of the lost tomb. This exhibition opened at Union Station in Kansas City on April 4, 2014.

“Extreme Dinosaurs”

During the fourth fiscal quarter of 2014, the Company entered into a License Agreement with Dinosaurs Unearthed Corporation to present an exhibition based on dinosaurs. The term of the Agreement is approximately 9 months from the opening date of the exhibition. The exhibition, titled Extreme Dinosaurs, features some of the newest dinosaur discoveries from the ‘Golden Age’ of paleontology, and explores why scientists believe these dinosaurs may have had such bizarre features like horns, plates, frills and feathers. Visitors will experience some of the world’s strangest dinosaurs showcased through life-size animatronic models, skeletons, real and replicated fossils, and more. This exhibition opened at Atlantic Station in Atlanta on March 29, 2014.

“Real Pirates”

Real Pirates tells the compelling story of the Whydah, the first authenticated pirate shipwreck in U.S. waters, and the stories of the diverse people whose lives converged on the vessel. Sunk in a fierce storm off the coast of Cape Cod, Massachusetts in April 1717, the Whydah was located in 1984 by underwater explorer Barry Clifford.

The exhibition features more than 200 authentic items recovered from the Whydah – real treasure last touched by real pirates. Ranging from cannons and coins and from the massive ship’s bell to personal items that the pirates wore, visitors are given an unprecedented glimpse into unique economic, political and social circumstances of the early 18th-century Caribbean.

We obtained the right to manage this exhibition as part of the AEG Live, LLC transaction. Effective November 13, 2012, the Company signed a binding letter of intent with Barry Clifford to develop and present a second Real Pirates exhibition, which the Company began touring in March 2013. During fiscal 2014, 2 separate Pirates exhibitions, one of which is under management, were presented at 5 venues.

New Content

The Company continues to pursue new content opportunities. To mitigate the risk associated with building an exhibition and then attempting to book the exhibition after incurring the capital expenditure, the Company has begun optioning new content opportunities to assess market demand and evaluate the expected return on the investment based on that market assessment. The Company currently has 2 new projects in development. The Company has an option agreement in place to develop an exhibition featuring characters from the Ice Age movie franchise licensed from 20th Century Fox. The Company is also in development of an exhibition featuring cases of the Federal Bureau of Investigation.

Discontinued Exhibitions

“Tutankhamun and the Golden Age of the Pharaohs”

For the first time in a generation, King Tut’s treasures were under license from Egypt’s Supreme Council of Antiquities and drew record-breaking crowds at museums around the world. The exhibition includes an array of possessions unearthed from Tutankhamun’s tomb, including King Tut’s golden canopic coffinettes and the crown found on his head when the tomb was discovered. Attendees learn about the extraordinary discovery of King Tut’s tomb and the belief and burial processes of Ancient Egypt, and view results from the latest scientific testing conducted on King Tut’s mummy and what it is telling researchers about his life and death. More than nine million visitors attended the exhibition. We obtained the right to manage this exhibition as part of the AEG Live, LLC transaction. This exhibition was closed in January 2013 and the artifacts were returned to Egypt.

“Cleopatra: The Exhibition”

The world of Cleopatra lost to the sea and sand for nearly 2,000 years, surfaced in *Cleopatra: the Exhibition*. Never-before-seen artifacts and multi-media atmospheres give visitors a front-row seat in the riveting present-day quest for Cleopatra VII, which extends from the sands of Egypt to the depths of the Mediterranean Sea. More than 150 artifacts from Cleopatra’s world represent facets of her elusive history, from her family to the places she lived, walked and worshiped. These artifacts were on view in the U.S. for the first time, bringing with them new insights into the tragedies and triumphs of one of the most remarkable and intriguing leaders in history. We obtained the right to manage this exhibition as part of the AEG Live, LLC transaction. This exhibition was closed in January 2013 and the artifacts were returned to Egypt.

“America I AM: The African American Imprint”

Presented in partnership with broadcaster Tavis Smiley, this unprecedented travelling museum exhibition celebrates the extraordinary impact of African Americans on our nation and the world. From the first Africans who arrived in Jamestown to the nation’s first African American President, this award-winning exhibition takes visitors from all walks of life on an emotional journey through history. Spanning 500 years, the exhibition includes artifacts, documents, multimedia, photos and music that have helped shape the nation and the way we live today. We obtained the right to manage this exhibition as part of the AEG Live, LLC transaction. This exhibition was closed in March 2013.

“Dialog in the Dark”

In 2008, we further expanded our exhibition portfolio when we entered into a long-term license agreement to present an exhibition series entitled “Dialog in the Dark.” Our “Dialog in the Dark” exhibitions were intended to provide visitors with an opportunity to experience the paradox of learning to “see” without the use of sight. As of February 28, 2013, the Company had closed all of our “Dialog in the Dark” exhibitions and has no plans to re-open any “Dialog in the Dark” exhibitions. All assets related to this exhibition were impaired as of February 29, 2012. In July 2013, the Company reached a termination and settlement agreement with the licensor and will no longer present this exhibition.

2010 Expedition to Titanic Wreck Site

During August and September 2010, our wholly owned subsidiary RMST, as salvor-in-possession of the RMS Titanic (the “Titanic”) and its wreck site, conducted an expedition to the Titanic wreck site. RMST brought together an alliance of the world’s leading archaeologists, oceanographers and scientists together with U.S. governmental agencies to join RMST in the 2010 expedition to the wreck site and the post-expedition scientific study. This alliance included the Woods Hole Oceanographic Institution (“WHOI”), the Institute of Nautical Archaeology (“INA”), the National Oceanic Atmospheric Administration’s Office of the National Marine Sanctuaries (“NOAA/ONMS”), The National Park Service’s Submerged Resources Center (“NPS”) and the Waitt Institute. Never before had all of these entities partnered to work together on one project. While all of these parties worked together to participate in the expedition, RMST has sole legal ownership of the film footage, data, and other assets generated from the expedition.

While the general purpose of the expedition was to collect and interpret archeological and scientific data utilizing state-of-the-art high definition 2D and 3D cameras and sonar scanning equipment, the Company also planned and executed the expedition in order to create digital assets for commercial purposes, including a 2D documentary that was aired by a major cable network in April 2012, a separate HD3D film featuring a tour of the bow and stern sections of the ship that is now being distributed, and assets to be utilized in enhancing the Titanic exhibitions, as well as other applications. The collected data will also provide the basis for an archaeological site plan, and ultimately a long-term management plan for the Titanic wreck site.

Co-Promotion Agreements

The Company was party to a co-promotion agreement with S2BN Entertainment Corporation (“S2BN”) to present certain “Bodies” touring exhibitions. S2BN is successor in interest to Live Nation, Inc. (“Live Nation”) and CPI Entertainment Rights Inc. (“CPI”), each of which entered into co-promotion agreements with the Company in 2007.

Pursuant to the co-promotion agreements, S2BN was granted the exclusive right to jointly present along with the Company twenty (20) “Bodies” exhibitions anywhere in the world except for North America, Buenos Aires, Argentina, Santiago, Chile and Madrid, Spain and two (2) “Bodies” exhibitions in Europe. In an amendment to the agreement originally entered with CPI, the Company and S2BN agreed that instead of the two exhibitions originally contemplated to be presented in Europe, S2BN would instead be entitled to co-present with the Company a single exhibition in a city in the United States, which has since been fulfilled. S2BN retained a right under the amendment to present two exhibitions in Europe, provided that it shall pay the Company an additional \$500 thousand non-refundable License Fee (upon opening) for each exhibition. As previously reported and provided for in the Company’s financial statements, the Company received a total of \$12.0 million in prior periods as consideration under the co-promotion agreements. The majority of these exhibitions have already been presented, thereby fulfilling many obligations of the Company.

In a September 25, 2009 amendment of the agreement originally entered with Live Nation, the Company finalized our current co-promotion arrangement with S2BN (the "September 2009 Amendment"), and restated substantially the same financial terms for settling the remaining exhibitions to be co-promoted and also provided that:

§ We obtained sole possession of and operating rights to the New York City Bodies exhibition, and retain 100% of the revenue and profits from that exhibition.

§ We have rights to present five human anatomy exhibitions in the European, Asian and other territories previously reserved exclusively for S2BN.

We have completed our agreement with S2BN under which S2BN utilized certain Bodies specimen sets to book human anatomy exhibitions under the September 2009 Amendment. The Amendment's restated financial terms provided that revenue from each of the remaining exhibitions would be allocated as follows (subject to certain provisions for cumulating the settlements for such remaining exhibitions): revenue is first used to reimburse the parties for their recoupable expenses; thereafter, the next \$700 thousand of revenue are split in a percentage ratio favoring S2BN and finally, all remaining revenues are split in a percentage ratio favoring the Company.

Results of Operations

An analysis of our consolidated statements of operations for fiscal 2014 and fiscal 2013, with percent changes from 2013 to 2014 is as follows:

Analysis of Consolidated Statements of Operations			
	2014	2013	% Change
(In thousands except percentages and per share data)			
Revenue	\$ 29,348	\$ 39,465	(25.6)%
Cost of revenue (exclusive of depreciation and amortization)	15,368	18,745	(18.0)%
Gross profit	13,980	20,720	(32.5)%
Gross profit as a percent of revenue	47.6%	52.5%	
Operating expenses	14,731	17,997	(18.1)%
Income/(loss) from operations	(751)	2,723	(127.6)%
Other expense	(190)	(577)	(67.1)%
Income/(loss) before income tax	(941)	2,146	(143.8)%
Income tax expense/(benefit)	(163)	279	(158.4)%
Effective tax rate	-17.3%	13.0%	
Net income/(loss)	(778)	1,867	(141.7)%
Less: Net income/(loss) attributable to non-controlling interests	(64)	(83)	(22.9)%
Net income/(loss) attributable to the shareholders' of Premier Exhibitions, Inc.	\$ (714)	\$ 1,950	(136.6)%
Net income/(loss) per share			
Basic income/(loss) per share	\$ (0.01)	\$ 0.04	
Diluted net income/(loss) per share	\$ (0.01)	\$ 0.04	

Revenue. During the year ended February 28, 2014, revenue decreased by \$10.1 million or 25.6% compared to prior year. The following table illustrates revenue for fiscal 2014 and fiscal 2013.

	Revenue	
	2014	2013
(in thousands)		
Exhibition Revenue		
Admissions revenue	\$ 18,854	\$ 25,450
Non-refundable license fees for current exhibitions	4,039	4,134
Total Exhibition revenue	22,893	29,584
Merchandise and Other	5,747	8,988
Management fee	708	819
Licensing fee	-	74
Total Revenue	\$ 29,348	\$ 39,465
Key Non-financial Measurements		
Total number of exhibitions presented	32	34
Semi-permanent exhibitions presented	7	8
Partnered exhibitions presented	18	23
Exhibitions rented to promoters or museums	7	3
Total operating days for semi-permanent, partner and rented exhibitions	4,868	5,355
Total attendance for semi-permanent and partner presented exhibitions (in 000's)	1,582	2,596
Average attendance per day for semi-permanent and partnered exhibitions presented	379	485
Average ticket price for semi-permanent and partnered exhibitions presented	\$ 14.74	\$ 15.50
Average retail per attendee for semi-permanent and partnered exhibitions presented	\$ 3.23	\$ 3.44
Semi-permanent exhibitions:		
Total operating days	2,224	2,208
Total attendance (in 000's)	736	943
Average attendance per day	331	427
Average ticket price	\$ 20.63	\$ 22.16
Average retail per attendee	\$ 3.56	\$ 3.29

These key non-financial measurements do not include exhibitions under management.

Exhibition revenue decreased \$6.7 million to \$22.9 million mainly driven by a decrease in attendance at the Company's exhibits. During the year ended February 28, 2014, revenue was negatively affected by Hurricane Sandy which closed the Company's "Bodies the Exhibition" and "Dialog in the Dark" exhibitions at The South Street Seaport in New York City. This closing is estimated to have decreased revenue by approximately \$4.1 million. We do not recognize exhibition revenue for the four AEI exhibitions but instead receive a management fee for managing these properties.

With 32 exhibits presented, the Company experienced a corresponding decrease in attendance from 2.6 million in fiscal 2013 to 1.6 million in fiscal 2014. We attribute this decrease in attendance to the closing of The South Street Seaport in New York City, smaller markets booked in the current fiscal year, the 100th anniversary of Titanic during fiscal year 2013, and the increase in exhibitions rented to promoters and museums. Exhibitions rented to promoters and museums are generally on a flat rate fee and not a per ticket fee and so do not transmit their attendance, so these venues are not included in our attendance numbers. Revenue from semi-permanent exhibitions was 60.6% of total revenue in fiscal 2014, compared to 59.4% for fiscal 2013. These comparisons exclude the exhibitions under management.

Merchandise revenue decreased \$3.2 million to \$5.7 million for the year ended February 28, 2014. Merchandise revenue decreased due to a decrease in attendance at our venues and the closure of “Tutankhamun and the Golden Age of the Pharaohs” and “Cleopatra: The Exhibition” exhibitions in January of 2013, both of which provided significant merchandising revenue. In addition, average retail per attendee for semi-permanent and partnered exhibitions decreased 5.8% from fiscal 2013 to fiscal 2014.

During fiscal year ended 2014, 1 touring exhibition related to “Bodies” was promoted by S2BN, under the Co-promotion agreement compared to 2 touring exhibitions in fiscal 2013.

Cost of Revenue. During fiscal year 2014, cost of revenue as a percent of revenue was 52.4% as compared to 47.5% for fiscal year 2013, as reflected in the following table.

	Cost of Revenue		
	2014	2013	% Change
(in thousands, except percentages)			
Exhibition costs			
Production	\$ 785	\$ 598	31.3%
Operating Expenses	8,191	9,290	(11.8)%
Marketing	4,138	5,401	(23.4)%
	<u>13,114</u>	<u>15,289</u>	<u>(14.2)%</u>
Exhibition expense as percent of exhibition revenue	57.3%	51.7%	
Cost of merchandise	2,254	3,456	(34.8)%
Cost of merchandise as percent of merchandise revenue	39.2%	38.5%	
Total	<u>\$ 15,368</u>	<u>\$ 18,745</u>	<u>(18.0)%</u>
Percent of total revenue	<u>52.4%</u>	<u>47.5%</u>	

Our exhibition costs of \$13.1 million, decreased 14.2% or \$2.2 million compared to the prior year, due mainly to a decrease in marketing expense. In addition, operating expenses decreased because of the closure of the South Street Seaport location due to Hurricane Sandy. Our cost of revenue as percentage of revenue increased due mainly to our fixed expenses staying relatively flat as revenue decreased.

Cost of merchandise as a percent of merchandise revenue increased from 38.5% in fiscal year 2013 to 39.2% in fiscal year 2014 due higher labor costs as a percentage of sales.

Gross Profit. During the year ended February 28, 2014, our total gross profit decreased by \$6.7 million or 32.5% as compared to the prior fiscal year. Our gross profit decreased primarily due to the decrease in exhibition and merchandise revenue as outlined above.

Operating Expenses. Operating expense decreased by 18.1% during fiscal 2014 compared to fiscal 2013. The following table illustrates operating expenses and percentage changes for fiscal 2014 vs. fiscal 2013:

	Operating expenses		
	2014	2013	% Change
(in thousands, except percentage data)			
General and administrative	\$ 12,761	\$ 14,647	(12.9)%
Depreciation and amortization	4,150	3,525	17.7%
Net (gain)/loss on disposal of assets	(115)	134	(185.8)%
Write-off of assets	798	-	100.0%
Gain on note payable fair market value adjustment	(2,566)	-	(100.0)%
Contract and legal settlements	(297)	(309)	(3.9)%
Total	<u>\$ 14,731</u>	<u>\$ 17,997</u>	<u>(18.1)%</u>

General and administrative. General and administrative (“G&A”) expense decreased by \$1.9 million, as reflected in the following table:

	<u>2014</u>	<u>2013</u>	<u>Increase (decrease)</u>
	(in thousands)		
Exhibition expense	\$ 461	\$ 531	\$ (70)
Artifact expense	180	151	29
Compensation	6,117	7,385	(1,268)
Employee benefits	159	179	(20)
Insurance	829	790	39
Office expense	1,600	1,353	247
Travel	422	394	28
Professional fees	2,299	2,657	(358)
Stock compensation	231	866	(635)
Bad debt expense	67	14	53
Other	396	327	69
	<u>\$ 12,761</u>	<u>\$ 14,647</u>	<u>\$ (1,886)</u>

As reflected by the table above, the significant decrease in G&A expense related to compensation, stock compensation expense and professional fees expense.

Depreciation and Amortization. Depreciation and amortization increased by \$625 thousand to \$4.2 million. The increase is attributable to the assets placed in service during fiscal 2014 related to our Buena Park location and our Pompeii and Pirates exhibitions.

Net (gain)/loss on disposal of assets. During fiscal 2014, we sold certain property and equipment that was no longer used and received insurance proceeds for equipment destroyed by Hurricane Sandy which resulted in a gain of \$115 thousand.

Write-off of assets. During fiscal 2014, we wrote-off assets of \$798 thousand. This write-off represented assets related to the termination of the non-binding letter of intent for the sale of the Titanic assets and long-term development costs related to an exhibition that was under development but terminated by the Company.

Gain on note payable fair market value adjustment. During fiscal 2014, we recognized a gain on note payable fair market value adjustment, based upon an update of the expected future cash flows of the exhibitions and discounted the cash flows at 7.0% to estimate the future payments to AEG Live, LLC based upon the note agreement. Based upon our calculation, the note payable was reduced by \$2.6 million to reflect the fair value of the note payable, which resulted in this corresponding gain.

Income/(loss) from Operations. We realized a loss from operations of \$0.8 million in fiscal 2014 as compared to income from operations of \$2.7 million fiscal 2013.

Other expense. We recognized interest expense of \$342 thousand on our notes payable in fiscal 2014 as compared to \$681 thousand during fiscal 2013. In addition, we recognized realized losses from foreign currency translations of \$137 thousand in fiscal 2014.

Income tax expense/(benefit). We recorded an income tax benefit in fiscal 2014 of \$163 thousand as compared to income tax expense of \$279 thousand in fiscal 2013. The fiscal 2014 income tax benefit relates to the true-up from the fiscal 2013 income tax returns. The fiscal 2013 income tax expense relates primarily to Federal Alternative Minimum Tax and state income taxes.

Net income/(loss) attributable to non-controlling interest. This represents AEG Live, LLC’s loss on its 10% interest in Premier Exhibition Management LLC.

Net income/(loss) attributable to shareholders of Premier Exhibitions, Inc. We realized a net loss of \$0.7 million for fiscal 2014 as compared to net income of \$2.0 million in fiscal 2013.

Fiscal 2014 as Compared to Fiscal 2013 – Segment results

Exhibition Management Segment

An analysis of operations for our Exhibition Management segment for fiscal 2014 and fiscal 2013, with percent changes from 2013 to 2014 is as follows:

	Analysis of Consolidated Statements of Operations		
	2014	2013	% Change
	<i>(In thousands except percentages)</i>		
Revenue	\$ 29,348	\$ 39,465	(25.6)%
Cost of revenue (exclusive of depreciation and amortization)	17,137	21,098	(18.8)%
Gross profit	12,211	18,367	(33.5)%
Gross profit as a percent of revenue	41.6%	46.5%	
Operating expenses	12,818	16,599	(22.8)%
Income/(loss) from operations	(607)	1,768	(134.3)%
Other expense	(190)	(577)	(67.1)%
Income/(loss) before income tax	(797)	1,191	(166.9)%
Income tax expense/(benefit)	(108)	193	(156.0)%
Effective tax rate	-13.6%	16.2%	
Net income/(loss)	(689)	998	(169.0)%
Less: Net income/(loss) attributable to non-controlling interests	(64)	(83)	(22.9)%
Net income/(loss) attributable to the shareholders' of Premier Exhibitions, Inc.	\$ (625)	\$ 1,081	(157.8)%

Revenue. During the year ended February 28, 2014, revenue decreased by \$10.1 million or 25.6% compared to prior year. The following table illustrates revenue for fiscal 2014 and fiscal 2013.

	Revenue	
	2014	2013
	<i>(in thousands)</i>	
Exhibition Revenue		
Admissions revenue	\$ 18,854	\$ 25,450
Non-refundable license fees for current exhibitions	4,039	4,134
Total Exhibition revenue	22,893	29,584
Merchandise and Other	5,747	8,988
Management fee	708	819
Licensing fee	-	74
Total Revenue	\$ 29,348	\$ 39,465
Key Non-financial Measurements		
Total number of exhibitions presented	32	34
Semi-permanent exhibitions presented	7	8
Partnered exhibitions presented	18	23
Exhibitions rented to promoters or museums	7	3
Total operating days for semi-permanent, partner and rented exhibitions	4,868	5,355
Total attendance for semi-permanent and partner presented exhibitions (in 000's)	1,582	2,596
Average attendance per day for semi-permanent and partnered exhibitions presented	379	485
Average ticket price for semi-permanent and partnered exhibitions presented	\$ 14.74	\$ 15.50
Average retail per attendee for semi-permanent and partnered exhibitions presented	\$ 3.23	\$ 3.44
Semi-permanent exhibitions:		
Total operating days	2,224	2,208
Total attendance (in 000's)	736	943
Average attendance per day	331	427
Average ticket price	\$ 20.63	\$ 22.16
Average retail per attendee	\$ 3.56	\$ 3.29

These key non-financial measurements do not include exhibitions under management.

Exhibition revenue decreased \$6.7 million to \$22.9 million mainly driven by a decrease in attendance at the Company's exhibits. During the year ended February 28, 2014, revenue was negatively affected by Hurricane Sandy which closed the Company's "Bodies the Exhibition" and "Dialog in the Dark" exhibitions at The South Street Seaport in New York City. This closing is estimated to have decreased revenue by approximately \$4.1 million. We do not recognize exhibition revenue for the four AEI exhibitions but instead receive a management fee for managing these properties.

With 32 exhibits presented, the Company experienced a corresponding decrease in attendance from 2.6 million in fiscal 2013 to 1.6 million in fiscal 2014. We attribute this decrease in attendance to the closing of The South Street Seaport in New York City, smaller markets booked in the current fiscal year, the 100th anniversary of Titanic during fiscal year 2013, and the increase in exhibitions rented to promoters and museums. Exhibitions rented to promoters and museums are generally on a flat rate fee and not a per ticket fee and so do not transmit their attendance, so these venues are not included in our attendance numbers. Revenue from semi-permanent exhibitions was 60.6% of total revenue in fiscal 2014, compared to 59.4% for fiscal 2013. These comparisons exclude the exhibitions under management.

Merchandise revenue decreased \$3.2 million to \$5.7 million for the year ended February 28, 2014. Merchandise revenue decreased due to a decrease in attendance at our venues and the closure of “Tutankhamun and the Golden Age of the Pharaohs” and “Cleopatra: The Exhibition” exhibitions in January of 2013, both of which provided significant merchandising revenue. In addition, average retail per attendee for semi-permanent and partnered exhibitions decreased 5.8% from fiscal 2013 to fiscal 2014.

During fiscal year ended 2014, 1 touring exhibition related to “Bodies” was promoted by S2BN, under the Co-promotion agreement compared to 2 touring exhibitions in fiscal 2013.

Cost of Revenue. During fiscal year 2014 cost of revenue as a percent of revenue was 58.4%, as compared to 53.5% for fiscal 2013, as reflected in the following table:

	<u>2014</u>	<u>2013</u>	<u>% Change</u>
	<i>(In thousands except percentages)</i>		
Exhibition costs			
Production	\$ 785	\$ 598	31.3%
Operating Expenses	9,960	11,643	(14.5)%
Marketing	4,138	5,401	(23.4)%
	<u>14,883</u>	<u>17,642</u>	<u>(15.6)%</u>
Exhibition expense as percent of exhibition revenue	65.0%	59.6%	
Cost of merchandise	2,254	3,456	(34.8)%
Cost of merchandise as percent of merchandise revenue	39.2%	38.5%	
Total	<u>\$ 17,137</u>	<u>\$ 21,098</u>	<u>(18.8)%</u>
Cost of revenue as a percent of total revenue	<u>58.4%</u>	<u>53.5%</u>	

Our exhibition costs of \$14.9 million, decreased 15.6% or \$2.8 million compared to the prior year, due mainly to a decrease in marketing expense. In addition, operating expenses decreased because of the closure of the South Street Seaport location due to Hurricane Sandy. Our cost of revenue as percentage of revenue increased due mainly to our fixed expenses staying relatively flat as revenue decreased.

Cost of merchandise as a percent of merchandise revenue increased from 38.5% in fiscal 2013 to 39.2% in fiscal 2014 primarily due higher labor costs as a percentage of sales.

Gross Profit. During the year ended February 28, 2014, our total gross profit decreased by \$6.2 million or 33.5% as compared to the prior fiscal year. Our gross profit decreased primarily due to the decrease in exhibition and merchandise revenue as outlined above.

Operating Expenses. Operating expense decreased by 22.8% in fiscal 2014 compared to fiscal 2013. The following table illustrates operating expenses and percentage changes for fiscal 2014 vs. fiscal 2013:

	<u>2014</u>	<u>2013</u>	<u>% Change</u>
	<i>(In thousands except percentages)</i>		
General and administrative	\$ 11,567	\$ 13,355	(13.4)%
Depreciation and amortization	4,097	3,419	19.8%
Net (gain)/loss on disposal of assets	(115)	134	(185.8)%
Write-off of assets	132	-	100.0%
Gain on note payable fair market value adjustment	(2,566)	-	(100.0)%
Contract and legal settlements	(297)	(309)	(3.9)%
Total	<u>\$ 12,818</u>	<u>\$ 16,599</u>	<u>(22.8)%</u>

General and Administrative Expense. The significant decrease in G&A expense related to compensation, stock compensation expense and professional fees expense.

Depreciation and Amortization. Depreciation and amortization increased by \$678 thousand to \$4.1 million. The increase is attributable to the assets placed in service during fiscal 2014 related to our Buena Park location and our Pompeii and Pirates exhibitions.

Net (gain)/loss on disposal of assets. During fiscal 2014, we sold certain property and equipment that was no longer used and received insurance proceeds for equipment destroyed by Hurricane Sandy which resulted in a gain of \$115 thousand.

Write-off of assets. During fiscal 2014, we wrote-off assets of \$132 thousand. This write-off represents assets long-term development costs related to an exhibition that was under development but terminated by the Company.

Gain on note payable fair market value adjustment. During fiscal 2014, we recognized a gain on note payable fair market value adjustment, based upon an update of the expected future cash flows of the exhibitions and discounted the cash flows at 7.0% to estimate the future payments to AEG Live, LLC based upon the note agreement. Based upon our calculation the note payable was reduced by \$2.6 million to reflect the fair value of the note payable, which resulted in this corresponding gain.

Income/(loss) from Operations. We realized a loss from operations of \$0.6 million in fiscal 2014 as compared to income from operations of \$1.8 million in fiscal 2013.

Other expense. We recognized interest expense of \$342 thousand on our notes payable in fiscal 2014 as compared to \$681 thousand during fiscal 2013. In addition, we recognized realized losses from foreign currency translations of \$137 thousand in fiscal 2014.

Income tax expense/(benefit). We recorded an income tax benefit in fiscal 2014 of \$108 thousand as compared to income tax expense of \$193 thousand in fiscal 2013. The fiscal 2014 income tax benefit relates to the true-up from the fiscal 2013 income tax returns. The fiscal 2013 income tax expense relates primarily to Federal Alternative Minimum Tax and state income taxes.

Net income/(loss) attributable to non-controlling interest. This represents AEG Live, LLC's loss on its 10% interest in Premier Exhibition Management LLC.

Net income/(loss) attributable to shareholders of Premier Exhibitions, Inc. We realized a net loss of \$0.6 million for the year ended February 28, 2014 as compared to net income of \$1.1 million for the year ended February 28, 2013.

RMS Titanic Segment

An analysis of operations for our RMS Titanic segment for fiscal 2014 and fiscal 2013, with percent changes from 2013 to 2014 is as follows:

	<u>2014</u>	<u>2013</u>	<u>% Change</u>
	<i>(In thousands except percentages)</i>		
Revenue	\$ 1,769	\$ 2,353	(24.8)%
Cost of revenue (exclusive of depreciation and amortization)	-	-	-%
Gross profit	1,769	2,353	(24.8)%
Gross profit as a percent of revenue	100.0%	100.0%	
Operating expenses	1,913	1,398	36.8%
Income/(loss) from operations	(144)	955	(115.1)%
Other income	-	-	-%
Income/(loss) before income tax	(144)	955	(115.1)%
Income tax expense/(benefit)	(55)	86	(164.0)%
Effective tax rate	-38.2%	9.0%	
Net income/(loss) attributable to the shareholders of Premier Exhibitions, Inc.	<u>\$ (89)</u>	<u>\$ 869</u>	<u>(110.2)%</u>

Revenue. During the fiscal year 2014, total revenue decreased by \$584 thousand, or 24.8%, to \$1.8 million compared the fiscal year 2013, due to the decrease in revenues from Titanic exhibitions and the decrease in merchandise sales. PEM pays RMST a royalty fee for the use of Titanic artifacts in its exhibits. The royalty fee is calculated based on 10% of revenues generated from Titanic ticket sales, merchandising, and other ancillary revenue-related streams. As Titanic net revenues decreased to \$17.7 million from \$23.5 million, royalty revenue decreased accordingly.

Gross Profit. Gross profit decreased based on the 24.8% decrease in revenue discussed above.

Operating Expenses. Operating expenses increased 36.8% during fiscal 2014 as compared to fiscal 2013 due to the write-off of \$666 thousand in fees previously included in prepaid assets related to the termination of the non-binding letter of intent related for the sale of the Titanic assets.

Income tax expense/(benefit). We recorded an income tax benefit for fiscal 2014 of \$55 thousand as compared to income tax expense of \$86 thousand for fiscal 2013. The fiscal 2014 income tax benefit relates to the true-up from the fiscal 2013 income tax returns. The fiscal 2013 income tax expense relates primarily to Federal Alternative Minimum Tax and state income taxes.

Net income/(loss) attributable to shareholders of Premier Exhibitions, Inc. We realized a net loss for the year ended February 28, 2014 of \$89 thousand compared to net income of \$869 thousand for the same period in the prior year based on the items discussed above.

Liquidity and Capital Resources

Liquidity

The following tables reflect selected information about our cash flows during the fiscal year ended 2014 and 2013:

Selected cash flow information:

	<u>2014</u>	<u>2013</u>
Net cash provided by operating activities	\$ 483	\$ 5,314
Net cash used in investing activities	(2,939)	(1,125)
Net cash used in financing activities	(512)	(153)
Effects of exchange rate changes on cash and cash equivalents	9	13
Net increase/(decrease) in cash and cash equivalents	<u>\$ (2,959)</u>	<u>\$ 4,049</u>

Cash flows provided by operating activities

For the fiscal year ended February 28, 2014, cash provided by operating activities was \$0.5 million as compared to \$5.3 million in the prior year. The decrease in cash flow from operating activities is mainly due to a decrease in net income of \$2.6 million, which includes a noncash gain on the note payable fair market value adjustment of \$2.6 million, an increase in prepaid expenses of \$1.2 million, and an increase in deferred revenues of \$0.7 million. These amounts were partially offset by a decrease in other assets of \$0.7 million and a noncash write-off of assets of \$0.8 million.

We currently do not have access to a revolving credit facility. As of April 30, 2014, our cash balance was \$4.2 million. During fiscal 2012, the Company entered into an agreement with Lincoln Park Capital Fund, LLC, whereby the Company may access additional funds for working capital or other initiatives. This agreement is discussed in further detail under "Capital Resources" below. During the years ended February 28, 2014 and 2013, we did not sell shares to Lincoln Park Capital, LLC ("LPC"). During the year ended February 29, 2012, we sold 275,000 shares to Lincoln Park Capital, LLC ("LPC") at an average price of \$2.31, and issued 158,632 shares as commitment shares under the Purchase Agreement. The Company cannot currently sell stock to Lincoln Park Capital Fund, LLC under the Purchase Agreement since its stock price is below \$1.00.

The Company believes that its existing cash balances and cash flow from operations are sufficient to fund current operations for the next twelve months but insufficient cash to fund growth initiatives and new content development. While the Company has undertaken efforts to reduce expenses we may not be able to make capital investments needed to improve existing exhibits and/or develop new exhibits without access to additional funds.

Cash flows used in investing activities

Cash used in investing activities was \$2.9 million for fiscal year 2014 compared to \$1.1 million in the prior year. Of the cash used in investing activities the majority was used in the purchase of property and equipment of \$3.1 million and \$1.1 million for fiscal 2014 and 2013, respectively. The investment in property and equipment in fiscal 2014 relates primarily to the opening of the Company's Buena Park location and our new Pompeii exhibition. In fiscal 2013, the investment in property and equipment relates primarily to assets purchased for our Pirates exhibition which opened in March 2013 and new office equipment. For fiscal 2014, this was partially offset by proceeds from the disposal of assets of \$143 thousand. In the prior year, cash of \$125 thousand was used for the acquisition of the assets of Exhibit Merchandising, LLC.

Cash flows used in financing activities

Cash used in financing activities for fiscal 2014 was \$512 thousand compared to cash used in financing activities of \$153 thousand in the prior year. Of the cash used in financing activities the majority was used for the purchase of treasury stock of \$534 thousand and repayment of notes payable of \$130 thousand for fiscal 2014. This was partially offset by proceeds from the exercise of stock options. Cash used in financing activities in the prior year relates to the repayment of notes payable of \$758 thousand and purchase of treasury stock of \$145 thousand which was partially offset by proceeds related to the exercise of stock options and warrants.

Capital Resources

Purchase and Registration Rights Agreements

On October 31, 2011, the Company and Lincoln Park Capital Fund, LLC ("LPC"), entered into a Purchase Agreement (the "LPC Purchase Agreement") and a Registration Rights Agreement (the "Registration Rights Agreement"), whereby the Company has the right to sell, at its sole discretion, to LPC up to \$10 million of the Company's common stock, over a 36-month period (any such shares sold being referred to as the "Purchase Shares"). Under the Registration Rights Agreement, the Company agreed to file a registration statement with the SEC covering the Purchase Shares and the Commitment Shares (as defined below).

The LPC Purchase Agreement and Registration Rights Agreement were entered into following the termination by mutual agreement of previous purchase agreements and registration rights agreements dated May 20, 2011 and October 19, 2011, which provided for a substantially similar financing transaction between the Company and LPC. The October 19, 2011 agreements were terminated in order to enable the parties to reduce the maximum number of shares of the Company's common stock issuable in connection with the proposed financing transaction. The October 19, 2011 agreements replaced a previous purchase agreement and registration rights agreement dated May 20, 2011. The previous agreements were terminated by mutual agreement of the Company and LPC in order to eliminate the ability of the Company to sell Initial Purchase Shares of \$1.25 million to LPC on the commencement of the Agreement, and to eliminate warrants that may have been issued under the original agreements if the Company had elected to sell the Initial Purchase Shares.

The registration statement filed pursuant to the Registration Rights Agreement has been declared effective by the SEC. The Company generally now has the right, but not the obligation, over a 36-month period, to direct LPC to periodically purchase the Purchase Shares in specific amounts under certain conditions at the Company's sole discretion. The purchase price for the Purchase Shares will be the lower of (i) the lowest trading price on the date of sale or (ii) the arithmetic average of the three lowest closing sale prices for the common stock during the 12 consecutive business days ending on the business day immediately preceding the purchase date. However, we cannot sell shares under this agreement if our share price is below \$1. In no event, however, will the Purchase Shares be sold to LPC below the floor price as defined in the LPC Purchase Agreement.

In consideration for entering into the purchase agreement between the Company and LPC dated May 20, 2011, the Company issued to LPC 149,165 shares of common stock as an initial commitment fee. Under the October 30, 2011 Purchase Agreement, the Company is also required to issue up to 149,165 shares of common stock as commitment shares on a pro rata basis as the Company directs LPC to purchase the Company's shares under the Purchase Agreement. The LPC Purchase Agreement may be terminated by the Company at any time at the Company's discretion without any cost to the Company. The proceeds that may be received by the Company under the LPC Purchase Agreement are expected to be used for general corporate purposes, including working capital.

Under the LPC Purchase Agreement, the Company has agreed that, subject to certain exceptions, it will not, during the term of the LPC Purchase Agreement, effect or enter into an agreement to effect any issuance of common stock or securities convertible into, exercisable for or exchangeable for common stock in a "Variable Rate Transaction," which means a transaction in which the Company:

- issues or sells any debt or equity securities that are convertible into, exchangeable or exercisable for, or include the right to receive additional shares of common stock either (A) at a conversion price, exercise price or exchange rate or other price that is based upon and/or varies with the trading prices of or quotations for the shares of common stock at any time after the initial issuance of such debt or equity securities, or (B) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such debt or equity security or upon the occurrence of specified or contingent events directly or indirectly related to our business or the market for the common stock; or
- enters into any agreement, including, but not limited to, an equity line of credit, whereby it may sell securities at a future determined price.

The Company has also agreed to indemnify LPC against certain losses resulting from its breach of any of its representations, warranties or covenants under the agreements with LPC.

During the years ended February 28, 2014 and 2013, we sold no shares to Lincoln Park Capital, LLC. During the year ended February 29, 2012, we sold 275,000 shares to Lincoln Park Capital, LLC at an average price of \$2.31, and have also issued 158,632 shares as commitment shares under the Purchase Agreement.

Contractual Obligations

Lease Arrangements

Specimens and Artifacts

The Company had non-cancellable operating leases for the rental of certain specimens used in its Bodies exhibitions. The leases were payable quarterly, and had a term of five years and five annual options to extend. During December 2010, the Company evaluated the performance of recently opened touring exhibitions and determined that the weak performance of several of the Bodies self-operated shows in unbranded facilities were well below expectations. Consequently, the Company elected not to renew certain of the leases it held on collections of specimens used in its touring Bodies exhibitions. After these agreements were not extended, at February 28, 2011, the Company had three lease agreements remaining for specimens, with expiration dates of September 2011 and June 2012. During fiscal year ended 2012 another of these agreements was allowed to expire. The Company currently has two lease agreements for specimens with expiration dates in February and March 2015 with one year options through fiscal year 2020.

The Company has a non-cancellable operating lease for certain artifacts used in its One Day in Pompeii exhibition. The leases are payable at the opening of each new venue. This agreement expires after the third Pompeii exhibition.

The Company has a non-cancellable operating lease for certain artifacts used in its Real Pirates exhibition. The leases are payable quarterly and have a term of five years. This agreement expires in March 2018.

Principal Executive Offices

Our principal executive office is located at 3340 Peachtree Road, N.E., Suite 900, Atlanta, Georgia. This space, which consists of 12,874 square feet, is used for management, administration and marketing purposes. The Company entered into an eighth amendment to the lease for its principal executive office space in Atlanta, Georgia effective January 1, 2014 which extends the lease until May 31, 2017.

Warehouse Space for Artifacts and Other Exhibitory

The Company leases warehouse and lab space for the conservation, conditioning and storage of artifacts and other exhibitry. On October 12, 2011, the Company entered into a lease agreement for approximately 48,000 square feet of warehouse and lab space in Atlanta, Georgia. The agreement is for a five-year term with two additional options to extend for up to an additional ten years. For security purposes, we do not disclose the location of this property. Other storage space has been rented on a month-to-month basis, in various locations, as needed.

Warehouse Space for Exhibitory Assets

The Company leases warehouse space to store the Arts and Exhibition, LLC exhibitry. On January 16, 2013, the Company entered into a 6 ½ month lease agreement for approximately 21,000 square feet of warehouse space in Atlanta, Georgia. In August 2013, the Company extended this lease through March 2015.

Warehouse Space for Merchandise Inventory

The Company leases warehouse space for its merchandise inventory under a lease assumed as part of the Exhibit Merchandising, LLC acquisition. The Company assumed a lease dated March 2011 for approximately 20,000 square feet of warehouse space in Statesboro, Ohio under a lease that expired in August 2013. In August 2013, the Company extended this lease to August 14, 2017.

Luxor Hotel and Casino – Las Vegas, Nevada

On March 12, 2008, the Company entered into a ten-year lease agreement for exhibition space with Ramparts, Inc., owner and operator of The Luxor Hotel and Casino in Las Vegas, Nevada, with an option to extend for up to an additional ten years. This lease includes approximately 36,141 square feet of space within the Luxor Hotel and Casino. We use the space, among other things, to present our “Bodies...The Exhibition” and “Titanic: The Experience” exhibitions. The lease commenced with the completion of the design and construction work which related to the opening of our “Bodies...The Exhibition” exhibition in August 2008 and the opening of the Titanic exhibition in December 2008. See discussion in **Note 11. Lease Abandonment** regarding abandonment of a portion of the leased space.

417 Fifth Avenue - New York City, New York

On April 9, 2014, the Company entered into a 130-month lease agreement for exhibition and retail space with 417 Fifth Avenue Real Estate, LLC in New York City, New York. This lease includes approximately 51,000 square feet of space at 417 Fifth Avenue between 37th and 38th streets in the Grand Central district and is near Bryant Park, the Empire State Building and only a few blocks east of Times Square. Specific information about the exhibitions that will be opening in the space will be released at a later date. The lease commences with the completion of design and construction work estimated to be in the third fiscal quarter of 2015. Total future minimum payments under this lease are approximately \$45.8 million.

Atlantic Station – Atlanta, Georgia

On July 2, 2008, the Company entered into a lease agreement for exhibition space with Atlantic Town Center in Atlanta, Georgia. Until March 6, 2012, we used the space to present our “Bodies...The Exhibition” and our “Dialog in the Dark” exhibitions. This space is currently being used to present our “Bodies...The Exhibition” and our “Extreme Dinosaurs” exhibitions. The initial lease term was for three years with four one-month renewal options and was scheduled to expire in February 2012. On September 30, 2011, the Company entered into a first amendment to this lease. The first amendment extended the lease term for an additional 16 months, with a two year extension option, and expiring January 31, 2013. On October 22, 2012, the Company entered into a second amendment to the lease for its exhibition space in Atlantic Station in Atlanta, Georgia. The lease term is for an additional 24 months from February 1, 2013 through January 31, 2015.

Seaport - New York City, New York

On April 7, 2008, the Company entered into a lease agreement for exhibition space with General Growth Properties, Inc. in New York City, New York. We used the space to present our "Bodies...The Exhibition" exhibition and a "Dialog in the Dark" exhibition. On July 26, 2012, the Company entered into a first amendment to the lease for an additional 12 months from January 1, 2013 through December 31, 2013 pursuant to the first amendment, the lease could be terminated by the lessor with a ninety day written notice, but not prior to June 30, 2013. The Company's exhibitions at The South Street Seaport in New York City ("Seaport") were closed at the end of October 2012 due to complications from Hurricane Sandy and subsequent action by governmental authorities and the landlord. The exhibitions remain closed. Following Hurricane Sandy, municipal authorities ordered that the building not be reopened to the public until the landlord made the necessary repairs. In December 2012, the landlord notified the Company that it had no estimate for the date the facility would be reopened. On January 2, 2013, the landlord notified the Company that it intended to terminate the Company's South Street Seaport lease on June 30, 2013.

Buena Park, California

On April 3, 2013, the Company entered into a lease agreement for exhibition space with the Successor Agency of the Community Redevelopment Agency of the City of Buena Park, California. We opened the space in the second quarter of 2014 and currently present "Bodies...The Exhibition" and "Titanic: The Experience" exhibitions in the space. The Company leased the exhibition space for \$1 per month through January 1, 2015, and has agreed to make capital improvements to the space and to maintain the facility during the term.

"Titanic - The Experience" - Orlando, Florida

On October 17, 2011, the Company entered into the assignment and second amendment to lease for exhibition space with George F. Eyde Orlando, LLC and Louis J. Eyde Orlando, LLC. We use the space to present our "Titanic - The Experience" exhibition and dinner theatre. The lease term is for five years and expires in September 2016. In January 2014, the Company entered into an additional amendment to the lease to provide the Company with the option to terminate the lease in June 2015.

Touring Exhibitions

From time to time the Company enters into short-term lease agreements for exhibition space for its touring exhibitions. At February 28, 2014, the Company had no obligations under lease agreements its touring exhibits.

Notes Payable

On October 17, 2011, the Company entered into an Asset Purchase Agreement to purchase the assets of a Titanic-themed exhibition (*Titanic: The Experience* or "TTE") in Orlando, Florida from Worldwide Licensing & Merchandising, Inc. and its shareholder, G. Michael Harris (together, "Worldwide"). Pursuant to the Agreement, the Company purchased the assets of the Orlando exhibition from Worldwide in an installment sale. The Company agreed to pay Worldwide directly a total of \$800 thousand over a two-year period, and also agreed to assume rental and other arrearages owed by Worldwide, totaling \$720 thousand, which the Company will pay over a four-year period. Based upon an interest rate of 7.6% the net present value of these payments was approximately \$1,377 thousand as of the date of the transaction.

On June 29, 2012, the Asset Purchase Agreement was amended to accelerate certain payments to Worldwide. To induce the Company into this agreement, Worldwide agreed to forgive one payment of \$90 thousand. Based upon the imputed interest rate of 7.6%, this represented a decrease in the note of approximately \$71 thousand.

On November 26, 2012, the Asset Purchase Agreement was amended to accelerate the final payment to Worldwide. To induce the Company into this agreement, Worldwide agreed to reduce the final payment by approximately \$12 thousand. The final payment was also reduced by approximately \$6 thousand to repay accounts receivable owed to the Company. Based upon the imputed interest rate of 7.6%, this represented a decrease in the note of approximately \$10 thousand. The final payment of \$62 thousand was made to Worldwide in December 2012. In January 2014, the Company entered into an additional amendment to the lease to provide the Company with the option to terminate the lease in June 2015.

As of February 28, 2014, the short-term portion of the note payable was \$0 and the long-term portion was \$176 thousand. The long-term portion payable relates to rental and other arrearages payable on behalf of Worldwide.

On April 20, 2012, Premier Exhibition Management LLC and its wholly owned subsidiary, PEM Newco, LLC, both subsidiaries of the Company, entered into a purchase agreement with AEG Live LLC, AEG Exhibitions LLC, and Arts and Exhibitions International, LLC pursuant to which Newco purchased substantially all of the assets of Arts and Exhibitions International, LLC ("AEI"). The assets purchased include the rights and tangible assets relating to four touring exhibitions known as "King Tut II," "Cleopatra," "America I Am" and "Real Pirates." Of these four exhibitions, the Company is currently touring only "Real Pirates". The Company issued a non-recourse non-interest bearing note of \$14.2 million as part of this transaction. The Company originally recorded the note at \$16.4 million. The increase from \$14.2 million to \$16.4 million was primarily attributable to prepaid licenses and expenses paid by Arts and Exhibition International, LLC that were added to the note balance. The book value of the note was subsequently reduced by \$3.7 million for the amount that was not expected to be repaid based upon the terms of the note related to the expected future cash flows of the exhibitions and \$1.3 million to discount the note to its net present value at an imputed interest rate of 7.0%. Based upon the expected repayment amount of \$12.7 million and an imputed interest rate of 7.0%, the fair value of this note was approximately \$11.4 million as of April 20, 2012. During the fiscal second quarter of 2014, a payment of \$4.1 million was made to AEG Live, LLC from the restricted assets held by the Company. These payments are made from cash accounts managed but not owned by the Company and are required to be paid to AEG Live, LLC based upon the purchase agreement terms. During fiscal 2014, the Company, using Level 3 inputs based upon FASB ASC 820, updated the expected future cash flows of the exhibitions and discounted the cash flows at 7.0% to estimate the future payment to AEG Live, LLC based upon the note agreement. As a result of this review, the note payable was reduced by \$2.6 million to reflect the updated estimated future payments under the note agreement. This amount is included in the consolidated statement of operations as a gain on note payable fair market value adjustment. In addition, we evaluated the Company's future rights fees as part of this update and determined that the future rights fees are not impaired. As of February 28, 2014, the balance sheet reflects the short-term portion of the note payable at \$170 thousand and the long-term portion at \$950 thousand, including accrued interest. In March 2014, the Company paid \$300 thousand and purchased the tangible assets that were required to be returned to AEG Live, LLC at the end of the purchase agreement.

On April 17, 2014, PEM and AEG terminated the Promissory Note. As part of the termination of the Promissory Note, PEM and AEG entered into a Revenue Payment Agreement providing for modified future payments to AEG with respect to bookings of acquired exhibitions. Pursuant to the Revenue Payment Agreement, going forward PEM will make payments to AEG equal to (a) 90% of net revenues from future bookings and (b) 20% of the net revenues from proposed exhibitions acquired from AEG that are ultimately developed and presented. "Net Revenues" are determined after deduction by PEM of the direct expenses of operating the exhibitions. Pursuant to the Revenue Payment Agreement, AEG will pay to PEM a management fee of 10% of gross revenues (after deducting any booking fees) for each calendar year thereafter; provided that the management fee shall not be less than the following minimum fees: \$500,000 in calendar year 2014; and \$125,000 in calendar years 2015 and 2016.

Capital lease obligations

The Company leases certain computer and security equipment under capital leases. As of February 28, 2014, the balance sheet reflects the short-term portion of capital lease obligations of \$39 thousand and the long-term portion of \$61 thousand.

Contractual Obligations and Commitments

The following table illustrates our contractual obligations and commitments as of February 28, 2014, assuming we do not exercise any of our options to extend (in thousands):

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Specimen and artifact fixed rentals	\$ 1,661	\$ 1,570	\$ 60	\$ 31	\$ - *
Real estate operating leases	17,220	4,454	8,010	4,756	- **
Capital lease obligations	100	39	48	13	-
Interest payable on capital lease obligation	11	6	5	-	-
Notes payable	1,296	170	979	147	-
Interest payable on notes payable	200	66	119	15	-
Equipment leases	180	47	82	51	-
Total	\$ 20,668	\$ 6,352	\$ 9,303	\$ 5,013	\$ -

*The specimen and artifact licenses fees included certain per ticket fees which are not included above.

**Amounts have been reduced by sublease rental income of \$300 thousand for fiscal years 2015-2018 and \$125 thousand for fiscal year 2019. Amounts related to the New York City lease signed on April 9, 2014 are not included.

Titanic Artifact Sale Transaction Costs

The Company was party to a Consignment Agreement with Guernsey's auction house to sell the Company's Titanic artifacts and related intellectual property. If and when a transaction is closed, the Company would be required to pay Guernsey's a fee of up to 8% of the sale price if a purchase agreement is entered into within 60 days of the auction deadline, and up to 4% of the sale price if a purchase agreement was entered into thereafter. The actual amount of the commission would have depended on the sale price, identity of the purchasing party and the date when the sale was closed. The obligation to pay a fee to Guernsey for a Titanic artifact sale has ended pursuant to the terms of the agreement. In addition, if a transaction to sell the Titanic artifact collection was closed, the Company may have been required to pay a Transaction Bonus to Christopher Davino, former President of RMS Titanic, Inc., dependent upon the sale price, identity of the purchasing party and the date when the sale is closed. The obligation to pay a transaction bonus to Mr. Davino has ended. In addition, the Company expects to incur other legal, accounting and investment banking expenses if and when a sale of the Titanic artifacts is completed. Prepaid fees related to the auction and professional fees related to the sale to the Consortium totaled \$666 thousand and were written-off in fiscal 2014. This write-off is included in the consolidated statements of operations as write-off of assets.

Off-Balance Sheet Arrangements

We have no off-balance sheet financial arrangements.

Critical Accounting Policies

The Company has identified the policies below as critical to the business operations and the understanding of the results of operations.

(a) Revenue Recognition

When evaluating multiple element arrangements, the Company considers whether the components of the arrangement represent separate units of accounting.

The Company recognizes revenue when the following criteria are met: (1) persuasive evidence of an arrangement exists, (2) delivery has occurred, (3) the fee is fixed or determinable, and (4) the fee is probable of collection. The Company allocates the fees in a multi-element arrangement to each element based on the relative fair value of each element, using vendor-specific objective evidence ("VSOE") of the fair value of each of the elements, if available. VSOE is generally determined based on the price charged when an element is sold separately. In the absence of VSOE of fair value, the fee is allocated among each element based on third-party evidence ("TPE") of fair value, which is determined based on competitor pricing for similar deliverables when sold separately. When the Company is unable to establish fair value using VSOE or TPE, the Company uses estimated selling price ("ESP") to allocate value to each element. The objective of ESP is to determine the price at which the Company would transact a sale if the product or service were sold separately. The Company determines ESP for deliverables by considering multiple factors including, but not limited to, prices it charges for similar offerings, market conditions, competitive landscape and pricing practices.

Deferred revenue includes payments or billings recorded prior to performance and amounts received under multiple element arrangements in which the fair value for the undelivered elements does not exist. In these instances, revenue is recognized when the fair value for the undelivered elements is established or when all contractual elements have been completed and delivered.

(i) Exhibition Revenue

The Company recognizes exhibition revenue for exhibits when earned and reasonably estimable. The exhibition agreements may have a fixed fee, may be based on a percentage of gross profit, or a combination of the two. A variable fee arrangement may include a nonrefundable or recoupable guarantee paid in advance or over the exhibition period. The following are the conditions that must be met in order to recognize revenue:

- § persuasive evidence of an exhibition arrangement with a customer exists;
- § the exhibition is complete and in accordance with the terms of the arrangement;
- § the exhibition period of the arrangement has begun and/or the customer can begin its exploitation, exhibition or sale;
- § the arrangement fee is fixed or determinable; and
- § collection of the arrangement fee is reasonably assured.

If all of the conditions as outlined above are not met, revenue is recorded as deferred revenue until all conditions are met.

Exhibition Revenue is primarily comprised of the following: Admissions, Licensing, and Audio Tour Revenue. All revenues are shown net of any applicable sales or use taxes.

Admissions Revenue

Admissions revenue includes ticket sales from the Company's semi-permanent exhibitions and partner gross profit distribution.

Revenue from the semi-permanent exhibitions is derived from ticket sales at venues operated solely by the Company. The revenue is recorded upon the customer's ticket purchase. Advance ticket sales are recorded as deferred revenue pending the "event date" on the ticket.

Partner gross profit distribution represents the Company's share of gross profit from partner run exhibitions. Exhibition gross profit is generally calculated as net ticket sales and other ancillary revenue less exhibition expenses as stated in the exhibition agreement. The Company's share or percentage is defined in the exhibition agreement and recognized over the duration of the exhibition. Independent partners provide the Company with box office information, operational expenses, marketing costs, and other exhibition expenses. The Company utilizes this information to determine the amount of revenue to recognize by applying the contractual provisions included in the exhibition agreement. The amount of revenue recognized for the period depends on timing, accuracy and completeness of information received from independent partners.

Licensing Revenue

Licensing revenue is derived from fees paid by independent partners to co-produce, display and promote our exhibitions. The Company recognizes license fees ratably over the duration of the exhibition.

Audio Tour Revenue

Revenue derived from equipping and operating an audio tour is recognized upon customer purchase.

(ii) Merchandise and Other Revenue

Merchandise revenue includes self-run and the Company's share of independent partner merchandise gross profit. Revenues from the Company's semi-permanent exhibitions are recorded upon customer purchase. In most cases, independent partner revenue is derived as a percentage of the merchandise gross profit and typically recorded on a consignment basis.

(b) Exhibition Licenses

Exhibition licenses primarily represent exclusive rights to exhibit certain anatomical specimens and organs acquired for the use of the licensor's technology, documentation, and know-how with respect to the plastination of human body specimens and organs. Depending upon the agreement with the rights holder, the Company may obtain the rights to use anatomical specimens and organs in multiple exhibitions over multiple years. In addition, licenses have been obtained to exhibit the Company's "Dialog in the Dark" exhibitions and for Playboy exhibitions, both of which were impaired during the year ended February 29, 2012. Costs are capitalized and amortized over the term of the agreement commencing with the related exhibition's public debut. Costs incurred to renew or extend license agreements are capitalized upon renewal of the license and are amortized over the term of the agreement.

Quarterly, the Company evaluates the future recoverability of any unamortized exhibition license costs based on the exhibition's performance, success of other exhibitions, whether there are any exhibitions planned for the future, and/or specific events that would impair recoverability. An impairment charge may result if the actual exhibition revenues, combined with currently forecasted future exhibition revenues, are less than the revenue required to amortize the remaining licensing costs. The Company expenses exhibition license costs when it believes such amounts are not recoverable. Capitalized exhibition license costs for those exhibitions that are cancelled are charged to expense in the period of cancellation.

When we test for impairments, the valuation techniques used to determine the value of our exhibition licenses are based on unobservable inputs (Level 3 per ASC 820). Based upon the results of our impairment tests in fiscal 2014 and fiscal 2013 impairments were \$0 thousand versus \$0 thousand.

(c) Goodwill and Purchased Finite-Lived Intangible Assets

Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the acquired net tangible and intangible assets. Although goodwill is not amortized, we review our goodwill for impairment annually, or more frequently, if events or changes in circumstances warrant a review. We completed our annual impairment test of our single reporting unit in the fourth quarter of fiscal year 2014 and 2013 and determined that there was no impairment.

Acquired intangible assets with finite lives, including future rights fees, are amortized over their estimated useful lives and reflected in the Depreciation and Amortization line item on our consolidated statements of operations. Our acquired intangible assets are reviewed for impairment whenever an impairment indicator exists. We continually monitor events or changes in circumstances that could indicate that the carrying amounts of our long-lived assets, including our intangible assets, may not be recoverable. When such events or changes in circumstances occur, we assess recoverability by determining whether the carrying value of such assets will be recovered through the undiscounted expected future cash flows. If the future undiscounted cash flows are less than the carrying amount of these assets, we recognize an impairment loss based on the excess of the carrying amount over the fair value of the assets. Fair value is determined using a discounted cash flow analysis that involves the use of significant estimates and assumptions, some of which may be based in part on historical experience, forecasted information and discount rates. No such impairment charges were recorded during the years ended February 28, 2014 and February 28, 2013.

(d) Income Taxes

Deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the basis of assets and liabilities reported for financial statement and tax bases using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to amounts expected to be realized. As of February 28, 2014 and February 28, 2013, the Company established a valuation allowance of \$11.7 million and \$11.3 million, respectively against all net deferred tax assets.

The Company utilizes a two-step approach for evaluating tax positions. Recognition (Step 1) occurs when an enterprise concludes that a tax position, based solely on its technical merits is more likely than not to be sustained upon examination. Measurement (Step 2) is only addressed if Step 1 has been satisfied. Under Step 2, the tax benefit is measured at the largest amount of benefit, determined on a cumulative probability basis that is more likely than not to be realized upon final settlement. The term "more likely than not" is interpreted to mean that the likelihood of occurrence is greater than 50%.

(e) Stock Compensation

The Company follows the fair value recognition provisions in the FASB guidance for stock compensation. The Company's stock-based compensation expense is measured at the grant date based on the fair value of the award and is amortized on a straight-line basis over the awards' vesting period. Stock compensation expense of \$231 thousand and \$866 thousand for fiscal 2014 and 2013, respectively, is included in General and administrative expenses in the Consolidated Statements of Operations.

Stock Options. Fair value of stock options is determined using the Black-Scholes pricing model using weighted-average assumptions including expected volatility, risk-free interest rates, and the expected life of the award. Expected volatilities are based on the historical volatility of the Company's common stock. The Company uses the simplified method for estimating the expected life within the valuation model which is the period of time that options granted are expected to be outstanding. The risk free rate for periods within the expected life of the option is based on the U.S. Treasury Note rate.

Restricted Stock. The Company grants restricted stock or restricted stock units ("RSUs") to certain of its employees and directors. Fair value of restricted stock and RSUs is determined based on the fair value of the Company's stock on the date of grant.

Warrants. The Company has granted warrants under various service agreements. None of these agreements are outstanding at February 28, 2014.

Stock Appreciation Rights. The Company granted stock appreciation rights to one of its executive officers. Fair value of stock appreciation rights is determined using the Black-Scholes pricing model using weighted-average assumptions including expected volatility, risk-free interest rates, and the expected life of the award. Expected volatilities are based on the historical volatility of the Company's common stock. The Company uses the simplified method for estimating the expected life within the valuation model which is the period of time that stock appreciation rights granted are expected to be outstanding. The risk free rate for periods within the expected life of the stock appreciation rights is based on the U.S. Treasury Note rate. Fair value is recalculated at the end of each reporting period.

If assumptions change during the life of the awards' vesting period, the Company may modify or reverse the related stock compensation expense in accordance with current FASB guidance. The Company has experienced a reversal of stock compensation expense in prior years related to forfeitures of options and RSUs in instances where forfeitures were not anticipated or incorporated into the stock compensation expense calculation.

Recent Accounting Pronouncements

Recently Issued

Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists in Accounting Standards Update 2013-11 (ASU 2013-11)

In July 2013, the Financial Accounting Standards Board (FASB) issued ASU No. 2013-11, Income Taxes: Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward Exists," which requires tax benefits to be presented in the financial statement as a reduction to deferred tax asset for a net operating loss carryforward or a tax credit carryforward. The provisions of the guidance will be effective for us beginning in the first fiscal quarter of 2015. The Company does not expect the adoption of this accounting pronouncement to have a material impact on our disclosures.

Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity Update 2014-08 (ASU 2014-08)

In April of 2014, FASB issued Accounting Standards Update No. 2014-08 that changes the criteria and requires expanded disclosures for reporting discontinued operations. The adoption of the pronouncement is not anticipated to have a material impact on our consolidated financial statements. This accounting update is effective for annual and interim periods beginning after December 15, 2014 and is to be applied prospectively.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of Premier Exhibitions, Inc.:

We have audited the accompanying consolidated balance sheets of Premier Exhibitions, Inc. and subsidiaries (the Company) as of February 28, 2014 and 2013, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows for the years then ended. We have also audited the accompanying consolidated financial statement schedule for the years ended February 28, 2014 and 2013 listed in the index at Item 15. These consolidated financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and schedule are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements and schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation and schedule. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Premier Exhibitions, Inc. and subsidiaries at February 28, 2014 and 2013 and the consolidated results of their operations, comprehensive income (loss) and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We were not engaged to examine management's assessment of the effectiveness of the Company's internal control over financial reporting as of February 28, 2014, included in Management's Report on Internal Control Over Financial Reporting, referred to in Item 9A of the Company's Annual Report on Form 10-K, and, accordingly, we do not express an opinion thereon.

/s/ Cherry Bekaert LLP

Atlanta, Georgia
May 28, 2014

Premier Exhibitions, Inc.
Consolidated Balance Sheets
(in thousands, except share data)

	February 28,	
	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,434	\$ 6,393
Certificates of deposit and other investments	407	407
Accounts receivable, net of allowance for doubtful accounts of \$392 and \$325, respectively	1,331	1,370
Merchandise inventory, net of reserve of \$17 and \$25, respectively	1,206	1,205
Deferred income taxes	-	8
Income taxes receivable	263	167
Prepaid expenses	2,012	1,177
Other current assets	381	562
Total current assets	9,034	11,289
Artifacts owned, at recovery cost	2,901	2,933
Salvor's lien	1	1
Property and equipment, net of accumulated depreciation of \$19,799 and \$17,333, respectively	9,287	9,280
Exhibition licenses, net of accumulated amortization of \$5,857 and \$5,664, respectively	1,841	2,034
Film, gaming and other application assets, net of accumulated amortization of \$1,101 and \$475, respectively	2,233	2,858
Other receivable, net of allowance for doubtful accounts of \$892 and \$574, respectively	-	34
Goodwill	250	250
Future rights fees, net of accumulated amortization of of \$438 and \$0, respectively	3,942	4,380
Restricted assets	-	3,618
Deferred income taxes	302	-
Long-term exhibition costs	215	843
Subrogation rights	250	250
Total Assets	\$ 30,256	\$ 37,770
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,301	\$ 4,146
Income taxes payable	-	175
Deferred revenue	3,076	2,363
Deferred income taxes	302	-
Current portion of capital lease obligations	39	24
Current portion of notes payable, net of discount of \$66 and \$362, respectively	170	5,080
Total current liabilities	6,888	11,788
Long-Term liabilities:		
Lease abandonment	1,440	1,903
Deferred income taxes	-	8
Long-term portion of capital lease obligations	61	83
Long-term portion of notes payable, net of discount of \$134 and \$340, respectively	1,126	2,629
Total long-term liabilities	2,627	4,623
Commitment and Contingencies		
Shareholders' equity:		
Common stock; \$.0001 par value; authorized 65,000,000 shares; issued 49,044,378 and 49,072,364 shares, respectively; outstanding 49,042,369 and 49,070,355 shares, respectively	5	5
Additional paid-in capital	53,822	53,807
Accumulated deficit	(35,630)	(34,916)
Accumulated other comprehensive loss	(326)	(471)
Less treasury stock, at cost; 2,009 shares	(1)	(1)
Equity Attributable to Shareholders' of Premier Exhibitions, Inc.	17,870	18,424
Equity Attributable to Non-controlling interest	2,871	2,935
Total liabilities and shareholders' equity	\$ 30,256	\$ 37,770

The accompanying notes are an integral part of the consolidated financial statements.

Premier Exhibitions, Inc.
Consolidated Statements of Operations
(in thousands, except share and per share data)

	Year Ended February 28,	
	2014	2013
Revenue:		
Exhibition revenue	\$ 22,893	\$ 29,584
Merchandise and other	5,747	8,988
Management fee	708	819
Licensing fee	-	74
Total revenue	29,348	39,465
Cost of revenue:		
Exhibition costs	13,114	15,289
Cost of merchandise sold	2,254	3,456
Total cost of revenue (exclusive of depreciation and amortization shown separately below)	15,368	18,745
Gross profit	13,980	20,720
Operating expenses:		
General and administrative	12,761	14,647
Depreciation and amortization	4,150	3,525
Net (gain)/loss on disposal of assets	(115)	134
Write-off of assets	798	-
Gain on note payable fair market value adjustment	(2,566)	-
Contract and legal settlements	(297)	(309)
Total operating expenses	14,731	17,997
Income/(loss) from operations	(751)	2,723
Interest expense	(342)	(681)
Realized losses on foreign currency transactions	(137)	-
Gain on debt modification	-	81
Other income	289	23
Income/(loss) before income taxes	(941)	2,146
Income tax expense/(benefit)	(163)	279
Net income/(loss)	(778)	1,867
Less: Net loss attributable to non-controlling interest	(64)	(83)
Net income/(loss) attributable to the shareholders' of Premier Exhibitions, Inc.	\$ (714)	\$ 1,950
Net income/(loss) per share:		
Basic income/(loss) per common share	\$ (0.01)	\$ 0.04
Diluted income/(loss) per common share	\$ (0.01)	\$ 0.04
Shares used in basic per share calculations	49,219,536	48,159,918
Shares used in diluted per share calculations	49,219,536	48,560,663

The accompanying notes are an integral part of the consolidated financial statements.

Premier Exhibitions, Inc.
Consolidated Statements of Comprehensive Income/(Loss)
(in thousands)

	Year Ended February 28,	
	2014	2013
Net income/(loss)	\$ (714)	\$ 1,950
Other comprehensive income/(loss)		
Reclassification to earnings	137	-
Currency translation adjustments	9	13
Unrealized gain/(loss) on marketable securities	(1)	1
Other comprehensive income/(loss)	145	14
Comprehensive income/(loss)	(569)	1,964
Comprehensive income/(loss) attributable to non-controlling interest	-	-
Comprehensive income/(loss) attributable to Premier Exhibitions, Inc.	\$ (569)	\$ 1,964

The accompanying notes are an integral part of the consolidated financial statements.

Premier Exhibitions, Inc.
Consolidated Statements of Cash Flow
(in thousands)

	Year Ended February 28,	
	2014	2013
Cash flows from operating activities:		
Net income/(loss)	\$ (778)	\$ 1,867
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:		
Depreciation and amortization	4,150	3,525
Lease abandonment	(463)	(494)
Gain on note payable fair market value adjustment	(2,567)	-
Realized losses on foreign currency transactions	137	-
Write-off of assets	798	-
Gain on debt modification	-	(81)
Stock based compensation	231	866
Allowance for doubtful accounts	386	382
Amortization of debt discount	324	678
Net (gain)/loss on disposal of assets	(115)	134
Changes in operating assets and liabilities:		
(Increase)/decrease in accounts receivable	(28)	6
Increase in merchandise inventory, net of reserve	(1)	(98)
(Increase)/decrease in prepaid expenses	(1,211)	82
(Increase) decrease in other assets	181	(474)
(Increase)/decrease in income taxes receivable	(96)	79
Increase in other receivable	(285)	(387)
Increase in long-term exhibition costs	(6)	(341)
Decrease in accounts payable and accrued liabilities	(712)	(677)
Increase in deferred revenue	713	75
Increase/(decrease) in income taxes payable	(175)	172
Total adjustments	1,261	3,447
Net cash provided by operating activities	483	5,314
Cash flows from investing activities:		
Purchases of property and equipment	(3,114)	(1,059)
Proceeds from disposal of assets	143	3
Purchase of assets of Exhibit Merchandising, LLC	-	(125)
Purchase of certificates of deposit	-	(1)
Decrease in artifacts	32	57
Net cash used in investing activities	(2,939)	(1,125)
Cash flows from financing activities:		
Purchase of treasury stock	(534)	(145)
Proceeds from option and warrant exercises	185	758
Payments on notes payable	(130)	(758)
Payments on capital lease obligations	(33)	(8)
Net cash used in financing activities	(512)	(153)
Effects of exchange rate changes on cash and cash equivalents		
	9	13
Net increase/(decrease) in cash and cash equivalents	(2,959)	4,049
Cash and cash equivalents at beginning of year	6,393	2,344
Cash and cash equivalents at end of year	\$ 3,434	\$ 6,393
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ 341	\$ 61
Cash paid during the period for taxes	\$ 108	\$ 29
Supplemental disclosure of non-cash investing and financing activities:		
Unrealized gain/(loss) on marketable securities	\$ (1)	\$ 1
Assets purchased with notes payable and equity in Premier Exhibitions Management, LLC	\$ -	\$ 14,451
Purchases of property and equipment under capital leases	\$ 26	\$ 115

The accompanying notes are an integral part of the consolidated financial statements.

Premier Exhibitions, Inc.
Consolidated Statements of Shareholders' Equity and Comprehensive Income (Loss)
Years Ended February 28, 2014 and February 28, 2013
(in thousands except for number of shares)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock, at Cost	Premier Shareholders' Equity	Non-controlling Interest
	Number of Shares	Amount						
Balance, February 29, 2012	47,881,918	\$ 5	\$ 52,479	\$ (36,866)	\$ (485)	\$ (1)	\$ 15,132	\$ -
Common stock issued for exercise of options and warrants	976,051	-	758	-	-	-	758	-
Issuance of Restricted Stock	265,233	-	-	-	-	-	-	-
Purchase of Treasury Stock	(52,847)	-	(145)	-	-	-	(145)	-
Stock compensation costs	-	-	715	-	-	-	715	-
Equity to AEG Live, LLC	-	-	-	-	-	-	-	3,018
Net income/(loss)	-	-	-	1,950	-	-	1,950	(83)
Foreign currency translation income	-	-	-	-	13	-	13	-
Unrealized gain on marketable securities	-	-	-	-	1	-	1	-
Balance, February 28, 2013	49,070,355	\$ 5	\$ 53,807	\$ (34,916)	\$ (471)	\$ (1)	\$ 18,424	\$ 2,935
Common stock issued for exercise of options	267,949	-	185	-	-	-	185	-
Issuance of Restricted Stock	104,909	-	-	-	-	-	-	-
Purchase of Treasury Stock	(400,844)	-	(534)	-	-	-	(534)	-
Stock compensation costs	-	-	364	-	-	-	364	-
Net loss	-	-	-	(714)	-	-	(714)	(64)
Reclassification to earnings	-	-	-	-	137	-	137	-
Foreign currency translation income	-	-	-	-	9	-	9	-
Unrealized loss on marketable securities	-	-	-	-	(1)	-	(1)	-
Balance, February 28, 2014	49,042,369	\$ 5	\$ 53,822	\$ (35,630)	\$ (326)	\$ (1)	\$ 17,870	\$ 2,871

The accompanying notes are an integral part of the consolidated financial statements.

PREMIER EXHIBITIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Background and Basis of Presentation

Description of Business

Premier Exhibitions, Inc. and subsidiaries (the “Company” or “Premier”) is in the business of presenting to the public museum-quality touring exhibitions around the world. Since our establishment, we have developed, deployed and operated unique exhibition products that are presented to the public in exhibition centers, museums and non-traditional venues. Income from exhibitions is generated primarily through ticket sales, third-party licensing, sponsorships and merchandise sales.

Titanic Ventures Limited Partnership (“TVLP”), a Connecticut limited partnership, was formed in 1987 for the purpose of exploring the wreck of the Titanic and its surrounding oceanic areas. In May of 1993, R.M.S. Titanic, Inc. (“RMST”) entered into a reverse merger under which RMST acquired all of the assets and assumed all of the liabilities of TVLP and TVLP became a shareholder of RMST. In October of 2004, we reorganized and Premier Exhibitions, Inc. became the parent company of RMST and RMST became a wholly-owned subsidiary. Additional wholly-owned subsidiaries were established in order to operate the various domestic and international exhibitions of the Company.

Our exhibitions regularly tour outside the United States of America (“U.S.”). Approximately 8% of our revenues for the year ended February 28, 2014 compared with 3% for the year ended February 28, 2013 resulted from exhibition activities outside the U.S. Many of our financial arrangements with our international trade partners are based upon the U.S. dollar which limits the Company’s exposure to the risk of currency fluctuations between the U.S. dollar and the currencies of the countries in which our exhibitions are touring.

Corporate Structure

Our business has been divided into an exhibition management division and a content division. The content division is the Company’s existing subsidiary, RMST, which holds all of the Company’s rights with respect to the Titanic assets and is the salvor-in-possession of the Titanic wreck site. These assets include title to all of the recovered artifacts in the Company’s possession, in addition to all of the intellectual property (data, video, photos, maps, etc.) related to the recovery of the artifacts and scientific study of the ship.

We also formed a new entity, Premier Exhibition Management LLC (“PEM”), in September 2011, to manage all of the Company’s exhibition operations (exhibition division). This includes the operation and management of our Bodies, Titanic, Pirates and Pompeii exhibitions. PEM will also pursue “fee for service” arrangements to manage exhibitions based on content owned or controlled by third parties.

On April 20, 2012, Premier Exhibition Management LLC and its wholly owned subsidiary, PEM Newco, LLC (Newco”), both subsidiaries of the Company, entered into a purchase agreement with AEG Live LLC, AEG Exhibitions LLC, and Arts and Exhibitions International, LLC pursuant to which Newco purchased substantially all of the assets of Arts and Exhibitions International, LLC (“AEI”). The assets purchased include the rights and tangible assets relating to four touring exhibitions known as “King Tut II,” “Cleopatra,” “America I Am” and “Real Pirates.” Of these four exhibitions, the Company is currently touring only “Real Pirates”. The acquired assets include rights agreements with the owners of the artifacts and intellectual property comprising the exhibitions, museum/venue agreements for existing exhibition venues, sponsorship agreements, a warehouse lease and an office lease. In addition, the acquired assets include intellectual property related to proposed future exhibitions that the Company may further develop and produce including the exhibit “One Day in Pompeii”, which is currently being toured by the Company. The Company will operate any such additional properties through its exhibition management subsidiary. Subsequent to the asset purchase, Newco changed its name to Arts and Exhibitions International, LLC.

On July 12, 2012, the Company purchased substantially all of the assets of Exhibit Merchandising, LLC for \$125 thousand. As part of the acquisition of the assets of Exhibit Merchandising, LLC, we obtained the rights to sell all merchandise related to “Tutankhamun and the Golden Age of the Pharaohs”, “Cleopatra: The Exhibition” and “Real Pirates”. These merchandising rights are operated under our Premier Merchandising, LLC subsidiary.

The restructuring of the Company and changes in its management, reflect that Premier has two operating segments – Exhibition Operations (PEM) and Content Management (RMST).

Basis of Presentation

When we use the terms the “Company,” “Premier,” “we,” “us,” and “our,” we mean Premier Exhibitions, Inc., a Florida corporation and its subsidiaries. The consolidated financial statements include the accounts of Premier, its wholly owned subsidiaries after the elimination of all significant intercompany accounts and transactions, and its consolidated joint venture.

We have prepared the accompanying consolidated financial statements and notes pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) and accounting principles generally accepted in the United States of America (“U.S. GAAP”). The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from reported amounts using those estimates.

Note 2. Summary of Significant Accounting Policies

The Company has identified the policies below as significant to the business operations and the understanding of the results of operations.

(a) Revenue Recognition

When evaluating multiple element arrangements, the Company considers whether the components of the arrangement represent separate units of accounting.

The Company recognizes revenue when the following criteria are met: (1) persuasive evidence of an arrangement exists, (2) delivery has occurred, (3) the fee is fixed or determinable, and (4) the fee is probable of collection. The Company allocates the fees in a multi-element arrangement to each element based on the relative fair value of each element, using vendor-specific objective evidence (“VSOE”) of the fair value of each of the elements, if available. VSOE is generally determined based on the price charged when an element is sold separately. In the absence of VSOE of fair value, the fee is allocated among each element based on third-party evidence (“TPE”) of fair value, which is determined based on competitor pricing for similar deliverables when sold separately. When the Company is unable to establish fair value using VSOE or TPE, the Company uses estimated selling price (“ESP”) to allocate value to each element. The objective of ESP is to determine the price at which the Company would transact a sale if the product or service were sold separately. The Company determines ESP for deliverables by considering multiple factors including, but not limited to, prices it charges for similar offerings, market conditions, competitive landscape and pricing practices.

Deferred revenue includes payments or billings recorded prior to performance and amounts received under multiple element arrangements in which the fair value for the undelivered elements does not exist. In these instances, revenue is recognized when the fair value for the undelivered elements is established or when all contractual elements have been completed and delivered.

(i) Exhibition Revenue

The Company recognizes exhibition revenue for exhibits when earned and reasonably estimable. The exhibition agreements may have a fixed fee, may be based on a percentage of gross profit, or a combination of the two. A variable fee arrangement may include a nonrefundable or recoupable guarantee paid in advance or over the exhibition period. The following are the conditions that must be met in order to recognize revenue:

- § persuasive evidence of an exhibition arrangement with a customer exists;
- § the exhibition is complete and in accordance with the terms of the arrangement;
- § the exhibition period of the arrangement has begun and/or the customer can begin its exploitation, exhibition or sale;
- § the arrangement fee is fixed or determinable; and

§ collection of the arrangement fee is reasonably assured.

If all of the conditions as outlined above are not met, revenue is recorded as deferred revenue until all conditions are met.

Exhibition Revenue is primarily comprised of the following: Admissions, Licensing, and Audio Tour Revenue. All revenues are shown net of any applicable sales or use taxes.

Admissions Revenue

Admissions revenue includes ticket sales from the Company's semi-permanent exhibitions and partner gross profit distribution.

Revenue from the semi-permanent exhibitions is derived from ticket sales at venues operated solely by the Company. The revenue is recorded upon the customer's ticket purchase. Advance ticket sales are recorded as deferred revenue pending the "event date" on the ticket.

Partner gross profit distribution represents the Company's share of gross profit from partner run exhibitions. Exhibition gross profit is generally calculated as net ticket sales and other ancillary revenue less exhibition expenses as stated in the exhibition agreement. The Company's share or percentage is defined in the exhibition agreement and recognized over the duration of the exhibition. Independent partners provide the Company with box office information, operational expenses, marketing costs, and other exhibition expenses. The Company utilizes this information to determine the amount of revenue to recognize by applying the contractual provisions included in the exhibition agreement. The amount of revenue recognized for the period depends on timing, accuracy and completeness of information received from independent partners.

Licensing Revenue

Licensing revenue is derived from fees paid by independent partners to co-produce, display and promote our exhibitions. The Company recognizes license fees ratably over the duration of the exhibition.

Audio Tour Revenue

Revenue derived from equipping and operating an audio tour is recognized upon customer purchase.

(ii) Merchandise and Other Revenue

Merchandise revenue includes self-run and the Company's share of independent partner merchandise gross profit. Revenues from the Company's semi-permanent exhibitions are recorded upon customer purchase. In most cases, independent partner revenue is derived as a percentage of the merchandise gross profit and typically recorded on a consignment basis.

(b) Cash and Cash Equivalents

The Company maintains cash in bank accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses on these accounts. The Company considers highly liquid investments with original maturities of 90 days or less to be cash equivalents. Cash equivalents are stated at cost, which approximates market value. The Company's cash equivalents are primarily invested in money market funds. The Company performs periodic evaluations of the relative credit standing of the financial institutions and issuers of its cash equivalents.

(c) Certificates of Deposit

Certificates of deposit (the "Certificates") amount to \$406 thousand at February 28, 2014 and are carried at cost plus accrued interest and mature in July and August 2014. The Certificates are issued by one bank and currently exceed federally insured limits of \$250 thousand. The Company has not experienced any losses in these Certificates and performs periodic evaluation of the relative credit standings of the bank.

(d) Accounts Receivable

Accounts receivable represent presenting partner and other obligations due under normal trade terms. The Company regularly evaluates the need for an allowance for uncollectible accounts for accounts receivable by taking into consideration factors such as the type of client (governmental agencies or private sector), trends in actual and forecasted credit quality of the client (including delinquency and late payment history) and current economic conditions that may affect a client's ability to pay. In certain circumstances, depending on customer creditworthiness, the Company may require a bank letter of credit or escrow arrangement to guarantee the collection of its receivables. The allowance for bad debt for accounts receivable is determined based on a percentage of aged receivables, plus specific reserves for receivables that are not considered collectible. The Company's bad debt expense for fiscal 2014 and fiscal 2013 was \$67 thousand and \$14 thousand, respectively. The Company's ending bad debt allowance for fiscal year end 2014 and 2013 was \$392 thousand and \$325 thousand, respectively, which represents management's best estimate of uncollectible amounts and is considered adequate.

(e) Merchandise Inventory

Merchandise inventory consists of finished goods purchased for resale at our exhibitions. Inventory cost is determined based on purchase price and is carried at the lower of cost or market value. The Company accounts for all inventories based on the average cost method. Estimates for reserves for inventory obsolescence are based on management's judgment of future realization. The Company's inventory obsolescence expense for fiscal 2014 and fiscal 2013 was \$95 thousand and \$120 thousand, respectively.

(f) Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets primarily consist of prepaid lease payments and prepaid services that are expensed when services are received or over the term of the exhibition, and reimbursable expenses that are capitalized and recovered from museums, promoters or our co-presentation partner.

(g) Artifacts

Costs associated with the care, management and preservation of approximately 5,500 artifacts recovered from the wreck of the RMS Titanic (the "Titanic") during the course of 32 dives in 1987, are expensed as incurred.

To ascertain that the aggregate net recoverable value of Titanic artifacts exceeds the direct costs of recovery of such artifacts, the Company evaluates various evidential matters. Such evidential matters include documented sales and offerings of Titanic-related memorabilia, insurance coverage obtained in connection with the potential theft, damage or destruction of all or part of the artifacts and other identical matter regarding the public interest in the Titanic.

(h) Salvor's lien

In 1994, the U.S. District Court for the Eastern District Court of Virginia (the "District Court") issued an order declaring RMST, a wholly owned subsidiary, Salvor-in-Possession of the Titanic wreck and wreck site. As Salvor-in-Possession, RMST has the exclusive right to recover artifacts from the wreck. RMST continues to serve as Salvor-in-Possession.

On August 12, 2010, the District Court issued an opinion granting a salvage award to RMST based upon the Company's work in recovering and conserving over three thousand artifacts from the wreck of Titanic during its expeditions conducted in 1993, 1994, 1996, 1998, 2000, and 2004. The Company was awarded 100 percent of the fair market value of the artifacts, which the District Court set at approximately \$110 million.

On August 15, 2011, the District Court granted an *in-specie* award of title to the artifacts to RMST for the Post 1987 Artifacts. Title to the Post 1987 Artifacts comes with certain covenants and conditions drafted and negotiated by the Company and the United States government. These covenants and conditions govern the maintenance and future disposition of the artifacts. These covenants and conditions include the following:

-) The approximately 2,000 "1987 Artifacts" and the approximately 3,500 "Post 1987 Artifacts" must be maintained as a single collection;
-) The combined collections can only be sold together, in their entirety, and any buyer would be subject to the same conditions applicable to RMST; and the purchase subject to court approval; and
-) RMST must comply with provisions that guarantee the long-term protection of all of the artifacts. These provisions include the creation by RMST of a trust and reserve fund (the "Trust Account"). The Trust Account will be irrevocably pledged to and held for the exclusive purpose of providing a performance guarantee for the maintenance and preservation of the Titanic collection for the public interest. The Company will pay into the Trust Account a minimum of twenty five thousand dollars (\$25 thousand) for each future fiscal quarter until the corpus of such Trust Account equals five million dollars (\$5 million). Though not required under the covenants and conditions, Company will make additional payments into the Trust Account as it deems appropriate consistent with its prior representations to the Court and sound fiscal operations. The Company established the Trust Account and funded it with \$25 thousand during November 2011 and continues to fund it with quarterly \$25 thousand payments. The current balance in the Reserve Fund is \$257 thousand, including interest income.

(i) *Property and Equipment*

Property and equipment are stated at cost. Depreciation of property and equipment is provided for by the straight-line method over the following estimated lives of the related assets.

Exhibitory (years)	3	-	5
Vehicles (years)		5	
Tools and equipment (years)		5	
Computers and software (years)		3	
Furniture and fixtures (years)		5	
Leasehold improvements		Shorter of useful life of asset or remaining lease term	

The Company had \$29.1 million and \$26.6 million in property and equipment at February 28, 2014 and 2013, respectively. Depreciation expense on property and equipment as calculated using the methodology and lives as discussed above was \$2.9 million and \$3.0 million for fiscal 2014 and 2013, respectively. Accumulated depreciation totaled \$19.8 million and \$17.3 million at February 28, 2014 and 2013, respectively. During the year ended February 28, 2014 the Company disposed of property and equipment resulting in a gain on disposal of \$115 thousand. During the year ended February 28, 2013, the Company disposed of property and equipment resulting in a loss on disposal of \$134 thousand.

(j) *Exhibition Licenses*

Exhibition licenses primarily represent exclusive rights to exhibit certain anatomical specimens and organs acquired for the use of the licensor's technology, documentation, and know-how with respect to the plastination of human body specimens and organs. Depending upon the agreement with the rights holder, the Company may obtain the rights to use anatomical specimens and organs in multiple exhibitions over multiple years. Costs are capitalized and amortized over the term of the agreement commencing with the related exhibition's public debut. Costs incurred to renew or extend license agreements are capitalized upon renewal of the license and are amortized over the term of the agreement.

Quarterly, the Company evaluates the future recoverability of any unamortized exhibition license costs based on the exhibition's performance, success of other exhibitions, whether there are any exhibitions planned for the future, and/or specific events that would impair recoverability. An impairment charge may result if the actual exhibition revenues, combined with currently forecasted future exhibition revenues, are less than the revenue required to amortize the remaining licensing costs. No such impairment charges were recorded during fiscal 2014 or 2013. Capitalized exhibition license costs for those exhibitions that are cancelled are charged to expense in the period of cancellation.

(k) Long-term exhibition costs

Long-term exhibition costs are costs associated with exhibitions that have a useful life of greater than one year. These costs are expensed over the length of the exhibitions contract or five years whichever is shorter. These costs are reviewed annually for impairment.

(l) Goodwill and Purchased Finite-Lived Intangible Assets

Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the acquired net tangible and intangible assets. Although goodwill is not amortized, we review our goodwill for impairment annually, or more frequently, if events or changes in circumstances warrant a review. We completed our annual impairment test of our single reporting unit in the fourth quarter of fiscal year 2014 and 2013 and determined that there was no impairment.

Acquired intangible assets with finite lives, including future rights fees, are amortized over their estimated useful lives and reflected in the Depreciation and Amortization line item on our consolidated statements of operations. Our acquired intangible assets are reviewed for impairment whenever an impairment indicator exists. We continually monitor events or changes in circumstances that could indicate that the carrying amounts of our long-lived assets, including our intangible assets, may not be recoverable. When such events or changes in circumstances occur, we assess recoverability by determining whether the carrying value of such assets will be recovered through the undiscounted expected future cash flows. If the future undiscounted cash flows are less than the carrying amount of these assets, we recognize an impairment loss based on the excess of the carrying amount over the fair value of the assets. Fair value is determined using a discounted cash flow analysis that involves the use of significant estimates and assumptions, some of which may be based in part on historical experience, forecasted information and discount rates. No such impairment charges were recorded during the years ended February 28, 2014 and February 28, 2013.

(m) Restricted assets

Restricted assets are amounts held to repay AEG Live, LLC under the promissory note and are not available for use by the Company.

(n) Income Taxes

Deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the basis of assets and liabilities reported for financial statement and tax bases using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to amounts expected to be realized. As of February 28, 2014 and 2013, the Company established a valuation allowance of \$11.7 million and \$11.3 million, respectively, against all net deferred tax assets.

The Company utilizes a two-step approach for evaluating tax positions. Recognition (Step 1) occurs when an enterprise concludes that a tax position, based solely on its technical merits, is more likely than not to be sustained upon examination. Measurement (Step 2) is only addressed if Step 1 has been satisfied. Under Step 2, the tax benefit is measured at the largest amount of benefit, determined on a cumulative probability basis that is more likely than not to be realized upon final settlement. The term "more likely than not" is interpreted to mean that the likelihood of occurrence is greater than 50%.

(o) Earnings/(Loss) Per Share

Basic earnings/(loss) per share is computed based on the weighted-average number of common shares outstanding. Diluted earnings per share is computed based on the weighted-average number of common shares outstanding adjusted by the number of additional shares that would have been outstanding had the potentially dilutive common shares been issued. Potentially dilutive shares of common stock include non-qualified stock options and non-vested share awards. The computation of dilutive shares outstanding excludes the out-of-the-money non-qualified stock options because such outstanding options' exercise prices were greater than the average market price of our common shares and, therefore, the effect would be anti-dilutive (i.e., including such options would result in higher earnings per share).

(p) Legal Contingencies

The Company is currently involved in certain legal proceedings. To the extent that a loss related to a contingency is reasonably estimable and probable, the Company accrues an estimate of that loss. Because of the uncertainties related to both the amount and range of loss on certain pending litigation, the Company may be unable to make a reasonable estimate of the liability that could result from an unfavorable outcome of such litigation. As information becomes available, the Company assesses any potential liability related to pending litigation and makes or, if necessary, revises its estimates. Such revisions in estimates of potential liability could materially impact the Company's results of operations and financial position.

(q) Operating Leases

We lease exhibition, warehouse, and office space under operating leases. Most lease agreements contain tenant improvement allowances, rent holidays, rent escalation clauses and/or contingent rent provisions. For purposes of recognizing incentives, premiums and minimum rental expenses on a straight-line basis over the terms of the leases, we use the date of initial possession to begin amortization, which is generally when we enter the space and begin to make improvements in preparation of intended use.

For tenant improvement allowances and rent holidays, we record a deferred rent liability on the consolidated balance sheets and amortize the deferred rent over the terms of the leases as reductions to rent expense on the consolidated statements of operations.

For scheduled rent escalation clauses during the lease terms or for rental payments commencing at a date other than the date of initial occupancy, we record minimum rental expenses on a straight-line basis over the terms of the leases on the consolidated statements of operations.

(r) Consolidation

The Company consolidates its wholly owned subsidiaries and eliminates all significant intercompany activity.

(s) Other Taxes

The Company incurs and remits certain taxes assessed by governmental authorities on revenue producing transactions, such as sales taxes. The Company's revenue is presented net of sales taxes in its Consolidated Statement of Operations.

(t) Advertising Costs

In the course of the Company's business we incur advertising costs in order to promote our exhibitions. Advertising costs are budgeted for each temporary exhibition prior to its opening and the costs are expensed over the life of the exhibit. Costs incurred above or below budget are adjusted for as incurred. For permanent exhibitions, advertising is expensed as incurred. For fiscal 2014 and 2013, the Company incurred marketing and advertising expense of \$4.1 million and \$5.4 million, respectively, which is included in Exhibition costs on the Company's Consolidated Statements of Operations.

(u) Stock Compensation

The Company follows the fair value recognition provisions in the FASB guidance for stock compensation. The Company's stock-based compensation expense is measured at the grant date based on the fair value of the award and is amortized on a straight-line basis over the awards' vesting period. Stock compensation expense of \$231 thousand and \$866 thousand for fiscal 2014 and 2013, respectively, is included in General and administrative expenses in the Consolidated Statements of Operations of this amount (\$133) thousand and \$151 thousand is expense related to Stock Appreciation Rights for fiscal 2014 and 2013, respectively.

Stock Options. Fair value of stock options is determined using the Black-Scholes pricing model using weighted-average assumptions including expected volatility, risk-free interest rates, and the expected life of the award. Expected volatilities are based on the historical volatility of the Company's common stock. The Company uses the simplified method for estimating the expected life within the valuation model which is the period of time that options granted are expected to be outstanding. The risk free rate for periods within the expected life of the option is based on the U.S. Treasury Note rate.

Restricted Stock. The Company grants restricted stock or restricted stock units ("RSUs") to certain of its employees and directors. Fair value of restricted stock and RSUs is determined based on the fair value of the Company's stock on the date of grant.

Warrants. The Company granted warrants under various service agreements. Warrants related to one of these agreements entered into March 2008 remained outstanding at February 28, 2013. If assumptions change during the life of the awards' vesting period, the Company may modify or reverse the related stock compensation expense in accordance with current FASB guidance. The Company has experienced a reversal of stock compensation expense in prior years related to forfeitures of options and RSUs in instances where forfeitures were not anticipated or incorporated into the stock compensation expense calculation.

Stock Appreciation Rights. The Company granted stock appreciation rights to one of its executive officers. Fair value of stock appreciation rights is determined using the Black-Scholes pricing model using weighted-average assumptions including expected volatility, risk-free interest rates, and the expected life of the award. Expected volatilities are based on the historical volatility of the Company's common stock. The Company uses the simplified method for estimating the expected life within the valuation model which is the period of time that stock appreciation rights granted are expected to be outstanding. The risk free rate for periods within the expected life of the stock appreciation rights is based on the U.S. Treasury Note rate. Fair value is recalculated at the end of each reporting period.

(v) 2010 Titanic Expedition Costs

We have capitalized \$4.5 million of costs related to the expedition to the Titanic wreck site conducted during August and September of 2010. With the exception of the web point of presence, each asset that resulted from the expedition has been valued by: 1) including any costs that are directly related to the production of a specific asset in that asset's value, and 2) allocating costs for the ship and necessary equipment used during the expedition to each resulting asset based on current and future estimated revenue streams. The capitalized web point of presence costs were based solely on costs incurred to add new functionality to the expedition website. Estimated revenue streams were also used as part of the calculation to determine amortization related to the development of the 2D film in fiscal 2011. Beginning in fiscal 2013, the 3D and 2D film and gaming and other application assets were placed into service at our exhibitions and are being amortized over a five year useful life. See **Note 6. 2010 Expedition to Titanic Wreck Site** for further details.

(w) Fair Value Measurements

The Company is required to categorize its financial assets and liabilities into a three level hierarchy based on the priority of inputs to the valuation technique in accordance with ASC 820, "Fair Value Measurements and Disclosures". The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded at fair value on the Consolidated Balance Sheets are categorized as follows:

-) Level 1 - Unadjusted quoted prices for identical assets or liabilities in an active market.
-) Level 2 - Quoted prices in markets that are not active or inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:
 - a) Quoted prices for similar assets or liabilities in active markets;
 - b) Quoted prices for identical or similar assets or liabilities in non-active markets;
 - c) Inputs other than quoted market prices that are observable; and
 - d) Inputs that are derived principally from or corroborated by observable market data through correlation or other means.
-) Level 3 - Prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These valuations, whether derived internally or obtained from a third party, use critical assumptions that are not widely available to estimate market participant expectations in valuing the asset or liability.

Note 3. Recent Accounting Pronouncements

Recently Issued

Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists in Accounting Standards Update 2013-11 (ASU 2013-11)

In July 2013, the Financial Accounting Standards Board (FASB) issued ASU No. 2013-11, Income Taxes: Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward Exists," which requires tax benefits to be presented in the financial statement as a reduction to deferred tax asset for a net operating loss carryforward or a tax credit carryforward. The provisions of the guidance will be effective for us beginning in the first fiscal quarter of 2015. The Company does not expect the adoption of this accounting pronouncement to have a material impact on our disclosures.

Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity Update 2014-08 (ASU 2014-08)

In April of 2014, FASB issued Accounting Standards Update No. 2014-08 that changes the criteria and requires expanded disclosures for reporting discontinued operations. The adoption of the pronouncement is not anticipated to have a material impact on our consolidated financial statements. This accounting update is effective for annual and interim periods beginning after December 15, 2014 and is to be applied prospectively.

Note 4. Balance Sheet Details

The composition of cash and cash equivalents, certificates of deposits, and other investments is as follows (in thousands):

	February 28, 2014	February 28, 2013
Cash and cash equivalents:		
Cash	\$ 3,434	\$ 6,393
Total	\$ 3,434	\$ 6,393
Certificates of deposit and other investments:		
Certificates of deposit	\$ 406	\$ 405
Marketable securities, available-for-sale	1	2
Total	\$ 407	\$ 407

Marketable securities, available-for-sale, are carried at fair market value, based on quoted market price for identical assets in an active market, and accordingly, are categorized as Level 1 assets in accordance with ASC 820, "Fair Value Measurements and Disclosures". Cost basis of marketable securities, available-for-sale at February 28, 2014 and 2013, was \$14 thousand, and related unrealized loss was \$13 thousand and \$12 thousand, respectively, and is reflected in Accumulated other comprehensive loss in the Consolidated Balance Sheets.

The composition of prepaid expenses is as follows (in thousands):

	February 28, 2014	February 28, 2013
Prepaid insurance	\$ 196	\$ 97
Prepaid licenses	554	136
Prepaid exhibit build costs	1,047	259
Prepaid transaction fees	-	586
Prepaid other operating costs	215	99
Total	\$ 2,012	\$ 1,177

The composition of other current assets is as follows (in thousands):

	February 28, 2014	February 28, 2013
Deposits and advances	\$ 118	\$ 29
Titanic trust fund	257	150
Contract and legal settlements	-	383
Other receivables	6	-
Total	\$ 381	\$ 562

The composition of property and equipment, which is stated at cost, is as follows (in thousands):

	February 28, 2014	February 28, 2013
Exhibitory	\$ 15,542	\$ 14,455
Vehicles	20	14
Tools and equipment	536	511
Office equipment	1,291	1,356
Computers and software	686	1,218
Leasehold improvements	9,804	7,523
Furniture and fixtures	1,079	1,058
Construction in progress	128	478
	29,086	26,613
Less accumulated depreciation	(19,799)	(17,333)
Property and equipment, net	\$ 9,287	\$ 9,280

Depreciation expense on property and equipment was \$2.9 million and \$3.0 million for fiscal 2014 and 2013, respectively.

The composition of accounts payable and accrued liabilities is as follows (in thousands):

	February 28, 2014	February 28, 2013
Operations	\$ 1,153	\$ 1,121
Professional and consulting fees payable	250	138
Payroll and payroll taxes	127	162
Bonus accrual	300	801
Contract and Legal settlements	-	15
Sales and use taxes	79	73
Exhibit build costs	-	4
Marketing costs	50	103
Merchandise	47	95
Rent	751	894
Unclaimed property	18	18
Lease abandonment, current portion	463	506
Travel and related expenses	37	57
Stock appreciation rights	18	151
Other	8	8
Total accounts payable and accrued liabilities	<u>\$ 3,301</u>	<u>\$ 4,146</u>

Note 5. Artifacts

In 1993, the government of France granted the Company ownership of the artifacts recovered in the 1987 Titanic expedition. The artifacts are carried at recovery cost or net recovery value, which include the direct costs of chartering of vessels and related crews and equipment required to complete the dive operations for that expedition. The coal recovered in the expedition is the only item available for sale. Periodically, as sales of coal occur, ten percent of the sale value is deducted from the carrying costs of artifacts recovered. During fiscal 2014 and 2013, \$32 thousand and \$57 thousand, respectively, were deducted from artifacts.

Note 6. 2010 Expedition to Titanic Wreck Site

During August and September 2010, our wholly owned subsidiary RMST, as salvor-in-possession of the RMS Titanic (the "Titanic") and its wreck site, conducted an expedition to the Titanic wreck site. RMST brought together an alliance of the world's leading archaeologists, oceanographers and scientists together with U.S. governmental agencies to join RMST in the 2010 expedition to the wreck site and the post-expedition scientific study. This alliance included the Woods Hole Oceanographic Institution ("WHOI"), the Institute of Nautical Archaeology ("INA"), the National Oceanic Atmospheric Administration's Office of the National Marine Sanctuaries ("NOAA/ONMS"), The National Park Service's Submerged Resources Center ("NPS") and the Waitt Institute. Never before had all of these entities partnered to work together on one project. While all of these parties worked together to participate in the expedition, RMST has sole legal ownership of the film footage, data, and other assets generated from the expedition.

While the general purpose of the expedition was to collect and interpret archeological and scientific data utilizing state-of-the-art high definition 2D and 3D cameras and sonar scanning equipment, the Company also planned and executed the expedition in order to create digital assets for commercial purposes, including a 2D documentary that was aired by a major cable network in April 2012, a separate HD3D film featuring a tour of the bow and stern sections of the ship that is now being distributed, and assets to be utilized in enhancing the Titanic exhibitions, as well as other applications. The collected data will also provide the basis for an archaeological site plan, and ultimately a long-term management plan for the Titanic wreck site.

We have capitalized \$4.5 million of costs related to the expedition, discussed in more detail below, which have been allocated to specific assets as reflected in the following table (in thousands).

	February 28, 2014	February 28, 2013
3D film	\$ 1,817	\$ 1,817
3D exhibitry	857	857
2D documentary	631	631
Gaming application and other application	886	886
Expedition web point of presence	317	317
Total expedition costs capitalized	<u>4,508</u>	<u>4,508</u>
Less: Accumulated amortization	(1,101)	(475)
Accumulated depreciation	(645)	(421)
Expedition costs capitalized, net	<u>\$ 2,762</u>	<u>\$ 3,612</u>

As of February 28, 2014 and 2013, all assets are being depreciated or amortized. The web point of presence and 3D exhibitry assets are included in Property and equipment on the Consolidated Balance Sheets. The 3D film, 2D documentary, gaming, and other application assets are included in Film, gaming and other application assets on the Consolidated Balance Sheets.

Estimated depreciation and amortization expense for the 3D exhibitry, 2D and 3D film, gaming and other application and web point of presence for the remaining useful life is as follows:

Fiscal Year	Amount
2015	\$ 797
2016	797
2017	797
2018	371
Total	\$ 2,762

Note 7. Stock Repurchase

During the year ended February 28, 2014, employees of the Company surrendered 13,537 shares of stock worth approximately \$19 thousand to satisfy tax obligations with respect to the vesting of the restricted stock units issued. These shares were repurchased at the share price based upon the closing date on the day of vesting.

During the year ended February 28, 2013, employees of the Company surrendered 52,847 shares of stock worth approximately \$145 thousand to satisfy their tax obligations with respect to the vesting of restricted stock issued pursuant to the Company's Equity Incentive Plan. These shares were repurchased at the share price based upon the closing date on the day of vesting.

On June 17, 2013, the Company announced that the Board of Directors approved a stock repurchase authorization pursuant to which the Company may repurchase up to 1.5 million shares of outstanding common stock. The authorization will terminate on the date the full number of authorized shares have been repurchased or when otherwise terminated by the Board of Directors. The Company may repurchase shares of its common stock on the open market at times and prices considered appropriate by the Board of Directors and management. Repurchasing will take place through brokers and dealers and may be made under a Rule 10b5-1 plan. During the year ended February 28, 2014, the Company repurchased 387,307 shares at an average price of \$1.31, excluding commissions, pursuant to the terms of this plan.

Note 8. Goodwill and Other Intangible Assets

The following table presents the fiscal year 2013 activity for the Company's goodwill (in thousands):

Goodwill:	
Balance as of February 29, 2012	\$ -
AEI Acquisition	250
Balance as of February 28, 2013	<u>\$ 250</u>

No additional goodwill was recognized in fiscal year 2014.

The composition of the Company's exhibition licenses, as reported in Exhibition licenses on the Consolidated Balance Sheets, is as follows (in thousands):

	<u>February 28, 2014</u>	<u>February 28, 2013</u>
Anatomical specimen licenses	\$ 6,786	\$ 6,786
Carpathia licenses	912	912
	<u>7,698</u>	<u>7,698</u>
Less: Accumulated amortization	(5,857)	(5,664)
Exhibition licenses, net	<u>\$ 1,841</u>	<u>\$ 2,034</u>

From April 2004 through fiscal 2014, the Company entered into agreements to license the rights to exhibit anatomical specimens. The aggregate amount paid for the anatomical specimen's exhibition license agreements totaled \$9.6 million. After termination of a \$2.8 million agreement during fiscal 2010, the remaining \$6.8 million in specimen licenses are being amortized over the useful life of the agreements which coincides with the terms of the agreements for periods of five to ten years. The Company also entered into lease agreements for certain of its anatomical specimens. As such, these agreements are accounted for as lease agreements and not as intangible assets. See Note 15. **Commitments and Contingent Liabilities** for a discussion of these agreements. The remaining useful life of these licenses as of February 28, 2014, is 3-28 years with a weighted average useful life of 8.9 years.

The Company entered into a twenty-year license agreement effective February 28, 2007 whereby the Company received exclusive rights to present Carpathia artifacts in the Company's exhibitions in exchange for funding an expedition to the Carpathia, and providing research and recovery expertise. As of February 28, 2014 and February 28, 2013 these costs were fully amortized.

The following is a summary of the changes in the carrying value for exhibition licenses in fiscal 2014 and fiscal 2013 (in thousands):

Intangibles: Exhibition licenses	
Balance as of February 29, 2012	\$ 2,228
Amortization during the year	(194)
Balance as of February 29, 2013	\$ 2,034
Amortization during the year	(193)
Balance as of February 28, 2014	<u>\$ 1,841</u>

On April 20, 2012, Premier Exhibition Management LLC and its wholly owned subsidiary, PEM Newco, LLC, both subsidiaries of the Company, entered into a purchase agreement with AEG Live LLC, AEG Exhibitions LLC, and Arts and Exhibitions International, LLC pursuant to which Newco purchased substantially all of the assets of Arts and Exhibitions International, LLC ("AEI"). The assets purchased include the rights and tangible assets relating to four touring exhibitions known as "King Tut II," "Cleopatra," "America I Am" and "Real Pirates" and intangible assets for certain future exhibition concepts under development ("future rights fees"). Of these four exhibitions, the Company is currently touring only "Real Pirates". Of these four exhibitions, the Company is currently touring only "Real Pirates". In addition, the acquired assets include intellectual property related to proposed future exhibitions that the Company may further develop and produce including the exhibit "One Day in Pompeii", which is currently being toured by the Company.

The following is a summary of the changes in the carrying value for future rights fees in fiscal 2014 and fiscal 2013 (in thousands):

Intangibles: Future rights fees	
Balance as of February 29, 2012	\$ -
Acquisition of future rights fees	4,380
Balance as of February 28, 2013	\$ 4,380
Amortization during the year	(438)
Balance as of February 28, 2014	<u>\$ 3,942</u>

No impairments were deemed necessary during fiscal 2014 or 2013, after review of the intangible asset balances for impairment per ASC 350.

Amortization Expense

Total intangible asset amortization for license agreements totaled \$0.2 million for fiscal 2014 and fiscal 2013. Estimated aggregate amortization expense for license agreements for the five succeeding fiscal years is reflected in the following table (in thousands):

Fiscal Year	Amount
2015	\$ 193
2016	193
2017	188
2018	105
2019	105
Thereafter	1,057
Total	<u>\$ 1,841</u>

Total intangible asset amortization for future rights fees totaled \$0.4 million for fiscal year 2014. Amortization for these assets began in March 2013, the date when the first of the exhibitions related to the future rights fees opened, and are amortized on a straight-line basis for 10 years based upon the Company's estimated life of the assets. These rights remain the Company's after the maturity of the AEG note payable and the Company believes it will benefit for a total of ten years from these fees. Estimated aggregate amortization expense for future rights fees for the five succeeding fiscal years is reflected in the following table (in thousands):

Fiscal Year	Amount
2015	\$ 438
2016	438
2017	438
2018	438
2019	438
Thereafter	1,752
Total	<u>\$ 3,942</u>

Note 9. Notes Payable and Capital Lease Obligations

On October 17, 2011, the Company entered into an Asset Purchase Agreement to purchase the assets of a Titanic-themed exhibition (*Titanic: The Experience* or "TTE") in Orlando, Florida from Worldwide Licensing & Merchandising, Inc. and its shareholder, G. Michael Harris (together, "Worldwide"). Pursuant to the Agreement, the Company purchased the assets of the Orlando exhibition from Worldwide in an installment sale. The Company agreed to pay Worldwide directly a total of \$800 thousand over a two-year period, and also agreed to assume rental and other arrearages owed by Worldwide, totaling \$720 thousand, which the Company will pay over a four-year period. Based upon an interest rate of 7.6% the net present value of these payments was approximately \$1,377 thousand as of the date of the transaction.

On June 29, 2012, the Asset Purchase Agreement was amended to accelerate certain payments to Worldwide. To induce the Company into this agreement, Worldwide agreed to forgive one payment of \$90 thousand. Based upon the imputed interest rate of 7.6%, this represented a decrease in the note of approximately \$71 thousand.

On November 26, 2012, the Asset Purchase Agreement was amended to accelerate the final payment to Worldwide. To induce the Company into this agreement, Worldwide agreed to reduce the final payment by approximately \$12 thousand. The final payment was also reduced by approximately \$6 thousand to repay accounts receivable owed to the Company. Based upon the imputed interest rate of 7.6%, this represented a decrease in the note of approximately \$10 thousand. The final payment of \$62 thousand was made to Worldwide in December 2012. In January 2014, the Company entered into an additional amendment to the lease to provide the Company with the option to terminate the lease in June 2015.

As of February 28, 2014, the short-term portion of the note payable was \$0 and the long-term portion was \$176 thousand. The long-term portion payable relates to rental and other arrearages payable on behalf of Worldwide.

On April 20, 2012, Premier Exhibition Management LLC and its wholly owned subsidiary, PEM Newco, LLC, both subsidiaries of the Company, entered into a purchase agreement with AEG Live LLC, AEG Exhibitions LLC, and Arts and Exhibitions International, LLC pursuant to which Newco purchased substantially all of the assets of Arts and Exhibitions International, LLC ("AEI"). The assets purchased include the rights and tangible assets relating to four touring exhibitions known as "King Tut II," "Cleopatra," "America I Am" and "Real Pirates." Of these four exhibitions, the Company is currently touring only "Real Pirates". The Company issued a non-recourse non-interest bearing note of \$14.2 million as part of this transaction. The Company originally recorded the note at \$16.4 million. The increase from \$14.2 million to \$16.4 million was primarily attributable to prepaid licenses and expenses paid by Arts and Exhibition International, LLC that were added to the note balance. The book value of the note was subsequently reduced by \$3.7 million for the amount that was not expected to be repaid based upon the terms of the note related to the expected future cash flows of the exhibitions and \$1.3 million to discount the note to its net present value at an imputed interest rate of 7.0%. Based upon the expected repayment amount of \$12.7 million and an imputed interest rate of 7.0%, the fair value of this note was approximately \$11.4 million as of April 20, 2012. During the fiscal second quarter of 2014, a payment of \$4.1 million was made to AEG Live, LLC from the restricted assets held by the Company. These payments are made from cash accounts managed but not owned by the Company and are required to be paid to AEG Live, LLC based upon the purchase agreement terms. During fiscal 2014, the Company, using Level 3 inputs based upon FASB ASC 820, updated the expected future cash flows of the exhibitions and discounted the cash flows at 7.0% to estimate the future payment to AEG Live, LLC based upon the note agreement. As a result of this review, the note payable was reduced by \$2.6 million to reflect the updated estimated future payments under the note agreement. This amount is included in the consolidated statement of operations as a gain on note payable fair market value adjustment. In addition, we evaluated the Company's future rights fees as part of this update and determined that the future rights fees are not impaired. As of February 28, 2014, the balance sheet reflects the short-term portion of the note payable at \$170 thousand and the long-term portion at \$950 thousand, including accrued interest. If the interest rate was changed by 2% the fair market value would change by approximately \$45 thousand. In March 2014, the Company paid \$300 thousand and purchased the tangible assets that were required to be returned to AEG Live, LLC at the end of the purchase agreement.

The contractual future maturities of long-term debt as of February 28, 2014 are as follows:

Fiscal Year	Amount
2015	\$ 236
2016	628
2017	470
2018	162
Total future minimum note payments	1,496
Less: amount of note payments representing interest	(200)
Present value of future minimum note payments	1,296
Less: Current portion of notes payable	(170)
Long-term portion of notes payable	\$ 1,126

Capital leases

The Company leases certain computer and security equipment under capital leases. As of February 28, 2014, the balance sheet reflects the short-term portion of capital lease obligations of \$39 thousand and the long-term portion of \$61 thousand.

The following table summarizes as of February 28, 2014, our minimum rental commitment under capital leases:

Fiscal Year	Amount
2015	\$ 45
2016	32
2017	21
2018	14
Total future minimum lease payments	112
Less: amount of lease payments representing interest	(12)
Present value of future minimum lease payments	100
Less: Current obligations under capital leases	(39)
Long-term capital lease obligations	<u>\$ 61</u>

Note 10. Stock Compensation

Stock Compensation. The Company maintains certain stock compensation plans providing for incentive stock options ("ISOs"), nonqualified stock options ("NSOs"), stock appreciation rights ("SARs"), restricted stock, restricted stock units ("RSUs"), performance share units, performance shares, dividend equivalents and other awards relating to the Company's common stock. In August 2009, our stockholders approved the 2009 Equity Incentive Plan, effective June 17, 2009 (the "2009 Plan") which, among other things, made 3,000,000 shares available for grant to directors, employees and consultants to provide the Company the ability to offer a full range of equity and cash-based awards. The 2009 Plan replaced the Amended and Restated 2007 Restricted Stock Plan, 2000 Stock Option Plan, and Amended and Restated 2004 Stock Option Plan, all of which terminated immediately after the 2009 Annual Meeting. The Company will not grant any new awards under these terminated plans, but any outstanding awards under the plans will remain outstanding in accordance with their terms.

On August 23, 2012, at the Annual Meeting of Shareholders, our shareholders approved the Premier Exhibitions, Inc. 2009 Equity Incentive Plan, as amended (the "Amended 2009 Plan"). The Amended 2009 Plan became effective as of June 6, 2012, the date the Board approved the Amended 2009 Plan subject to shareholder approval, and will continue in effect until June 6, 2022, or such earlier date as our Board of Directors may determine.

The Amended 2009 Plan increased the number of shares available for grant under the 2009 Equity Incentive Plan from 3,000,000 to 5,000,000. The Amended 2009 Plan provides that "full-value awards," meaning all awards other than stock options and stock appreciation rights, will be counted against the Amended 2009 Plan limit in a 2-to-1 ratio. Stock options and stock appreciation rights will be counted against the Amended 2009 Plan limit in a 1-to-1 ratio. The amendments also provide that dividend equivalents with respect to awards that vest based on the achievement of performance objectives shall be accumulated until such awards are earned, and the dividend equivalents shall not be paid if the performance objectives are not satisfied.

Our non-employee Directors, employees and consultants are eligible to participate in the Amended 2009 Plan, which provides for a full range of awards, including stock options, stock appreciation rights, restricted stock, restricted stock units, performance units, performance shares, dividend equivalents, and other awards relating to shares of our common stock. The awards are payable in shares, in cash, in a combination of shares and cash, or by any other method determined by our Compensation Committee.

As of February 28, 2014, we had 1,560,830 shares available for future grants under the 2009 Plan, which is the only plan open to new grants. As of February 28, 2014, our current stock option plan, terminated plans and grants outside of plans provided for the issuance of 1,024,702 shares of common stock if all outstanding options were exercised and restricted stock vested.

During the year ended February 28, 2014, the Company's Chief Executive Officer and President received 150,000 stock options under the Premier Exhibitions, Inc. 2009 Equity Incentive Plan, as Amended, pursuant to the terms of employment agreement. These options will vest in equal annual amounts of 50,000.

During the year ended February 28, 2014, the Company's Chief Financial Officer and Chief Operating Officer received 100,000 stock options under the Premier Exhibitions, Inc. 2009 Equity Incentive Plan, as Amended pursuant to the terms of employment agreement. These options will vest in equal annual amounts of 33,333.

The grant price of the stock options was \$1.78, with a fair market value at the date of grant of \$0.92. We used the Black-Scholes model to calculate the fair value using a risk-free interest rate of 1.05%, a volatility rate of 68.22%, an annual dividend rate of 0%, an expected term of 4 years which is derived using the “simplified method” which computes expected term as the average of the sum of the vesting term plus the contract term. The stock options have an expiration date of July 13, 2018.

During the year ended February 28, 2013, the Company’s Chief Executive Officer and President received 250,000 stock appreciation rights and 99,074 restricted stock units under the Premier Exhibitions, Inc. 2009 Equity Incentive Plan. 48,611 stock appreciation rights and 79,681 restricted stock units vested on June 29, 2012, with the remainder vesting in thirty equal parts each month thereafter. The stock appreciation rights will be settled in cash, and expire five years from the date of grant. The restricted stock units will be settled in stock and have a weighted average price of \$2.70 per share.

The grant price of the stock appreciation rights is \$2.70, with a fair market value at the date of grant of \$1.72. We used the Black-Scholes model to calculate the fair value using a risk-free interest rate of 0.4%, a volatility rate of 80.47%, an annual dividend rate of 0% and an expiration date of June 29, 2017.

During the year ended February 28, 2014, the President of Arts and Exhibitions International, LLC and Premier Exhibitions Management, LLC received 41,716 restricted stock units pursuant to the Company’s 2009 Equity Incentive Plan, as Amended, that immediately vested. These shares were granted in partial payment of a bonus earned pursuant to the President’s employment agreement. He surrendered 13,537 shares of stock worth approximately \$19 thousand to satisfy his tax obligations with respect to the vesting of the restricted stock units issued. These shares were given and surrendered at an average price of \$1.37 per share based upon the closing date on the day of vesting.

As of February 28, 2014, the Company has accrued a liability of approximately \$18 thousand for the stock appreciation rights that is included in accounts payable and accrued liabilities on the Consolidated Balance Sheet. We used the Black-Scholes model to calculate the fair value using a risk-free interest rate of 1.09%, a volatility rate of 59.9%, an annual dividend rate of 0% and an expiration date of June 29, 2017 to calculate the liability at February 28, 2014. Stock appreciation rights are categorized as Level 3 liabilities in accordance with ASC 820.

As of February 28, 2013, the Company has accrued a liability of approximately \$151 thousand for the stock appreciation rights that is included in accounts payable and accrued liabilities on the Consolidated Balance Sheet. We used the Black-Scholes model to calculate the fair value using a risk-free interest rate of 0.6%, a volatility rate of 90.16%, an annual dividend rate of 0% and an expiration date of June 29, 2017 to calculate the liability at February 28, 2013. Stock appreciation rights are categorized as Level 3 liabilities in accordance with ASC 820.

	February 28, 2014	February 28, 2013
Fair value liability, beginning of period	\$ 151	\$ -
Level 3 additions	-	151
Fair value adjustments	(133)	-
Fair value liability, end of period	<u>\$ 18</u>	<u>\$ 151</u>

During the year ended February 28, 2013, the Company’s Chief Executive Officer and President surrendered 28,577 shares of stock worth approximately \$78 thousand to satisfy his tax obligations with respect to the vesting of restricted stock units issued pursuant to the Company’s Equity Incentive Plan. These shares were surrendered at an average price of \$2.70 per share based upon the closing price of the Company’s common stock on the day of vesting.

During the year ended February 28, 2013, the Company’s former General Counsel and Senior Vice President Business Affairs surrendered 6,690 shares of stock worth approximately \$18 thousand to satisfy his tax obligations with respect to the vesting of restricted stock units issued pursuant to the Company’s Equity Incentive Plan. These shares were surrendered at an average price of \$2.80 per share based upon the closing price of the Company’s common stock on the day of vesting.

The Company follows the fair value recognition provisions in the FASB guidance for stock compensation. Stock-based compensation expense recognized during the year includes the expense for all share-based payments granted on or prior to the end of the period, but not yet vested, based on the estimated grant date fair value. The following table reflects stock-based compensation expense included in General and administrative expenses in our Consolidated Statements of Operations (in thousands):

Grant type:			
Stock options	\$	160	\$ 226
Restricted stock		204	489
Stock appreciation rights		(133)	151
	\$	231	\$ 866

Stock Options. The fair value of options is amortized to expense on a straight-line basis over the options' vesting period. The Company did not grant any stock options during fiscal 2013. Fair value of stock options granted during fiscal 2014 was determined on the date of grant using the Black-Scholes option-pricing model, using the following weighted-average assumptions:

	Fiscal 2014
Dividend yield	0%
Expected volatility	68%
Risk-free interest rate	1.1%
Expected lives in years	4.00

Expected volatilities are based on the historical volatility of the Company's common stock. The Company uses the simplified method for estimating the expected life within the valuation model which is the period of time that options granted are expected to be outstanding. The risk free rate for periods within the expected life of the option is based on the U.S. Treasury Note rate.

The aggregate intrinsic value for the stock options outstanding and exercisable in the table represents the total pretax value, based on our closing stock price of \$0.88 and \$2.30 as of February 28, 2014 and February 28, 2013, respectively. The aggregate intrinsic value of the stock options exercised was \$0.5 million and \$1.8 million for fiscal 2014 and 2013, respectively. A summary of our stock options awarded under the plans and changes during fiscal 2014 and 2013 is presented below:

	February 28, 2014			February 28, 2013		
	Number of Options	Weighted Average Exercise Price	Aggregate Intrinsic Value (000)	Number of Options	Weighted Average Exercise Price	Aggregate Intrinsic Value (000)
Outstanding at beginning of year	1,982,691	\$ 2.86	\$ 670	2,904,742	\$ 2.18	\$ 2,433
Granted	250,000	1.78	-	-	-	-
Exercised	(267,949)	0.69	539	(922,051)	0.69	1,766
Forfeited or expired	(1,108,078)	3.44	-	-	-	-
Outstanding at end of year	856,664	\$ 2.48	\$ -	1,982,691	\$ 2.86	\$ 670
Exercisable at end of year	628,327	\$ 2.87	\$ -	1,849,354	\$ 2.95	\$ 614

In addition, the Company issued stock options outside of its stock compensation plans, summarized as follows:

Stock Options Issued Outside of Plans	Options	Weighted Average Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (000)
Outstanding at February 29, 2012	55,000	\$ 3.25	6.00	\$ -
Outstanding at February 28, 2013	55,000	\$ 3.25	5.00	\$ -
Outstanding at February 28, 2014	55,000	\$ 3.25	4.00	\$ -

The following table summarizes information about stock options outstanding by price range at February 28, 2014.

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Options Outstanding at February 28, 2014	Weighted Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Options Exercisable at February 28, 2014	Weighted-Average Exercise Price
\$.00 to \$.50	-	-	\$ -	-	\$ -
\$.51 to \$1.00	-	-	-	-	-
\$1.01 to \$2.00	550,000	2.71	1.71	266,664	1.66
\$2.01 to \$3.00	-	-	-	-	-
\$3.01 to \$4.00	355,000	2.25	3.65	355,000	3.65
\$4.01 to \$9.93	6,663	3.75	9.93	6,663	9.93
	<u>911,663</u>	<u>2.54</u>	<u>\$ 2.53</u>	<u>628,327</u>	<u>\$ 2.87</u>

As of February 28, 2014, we had \$208 thousand of total unrecognized compensation expense related to non-vested stock options expected to be recognized over a weighted average period of 2.14 years. The stock-based compensation expense for stock options was based on grant date fair value of the awards for the remaining unvested periods. The total fair value of shares vested during the years ended February 28, 2014 and February 28, 2013 was \$103 thousand and \$417 thousand, respectively.

Restricted Stock Activity. The Company grants restricted stock or RSUs to certain of its employees and directors. Fair value of restricted stock and RSUs is determined based on the fair value of the Company's stock on the date of grant. The fair value of restricted stock and RSUs is amortized to expense on a straight-line basis over the restricted stock and RSU vesting period.

The aggregate intrinsic value for the restricted stock outstanding in the table represents the total pretax value, based on our closing stock price of \$0.88 and \$2.30 as of February 28, 2014 and February 28, 2013, respectively. The weighted average grant date fair value of the restricted stock granted was \$1.22 and \$2.71 during fiscal 2014 and 2013, respectively. A summary of our restricted stock and changes during the years ended February 28, 2014 and February 28, 2013 is presented below:

Restricted Stock Issued Within Plan	Shares	Weighted Average Price	Weighted Average Contractual Life (Years)	Aggregate Intrinsic Value (000)
Non-vested at February 29, 2012	192,277	\$ 1.80	0.81	\$ 471
Granted	154,239	2.71	1.43	202
Forfeited or expired	(11,978)	1.78	-	-
Vested or Exercised	(265,232)	2.06	-	-
Non-vested at February 28, 2013	69,306	2.72	1.02	158
Granted	149,411	1.22	0.61	125
Forfeited or expired	-	-	-	-
Vested or Exercised	(105,009)	1.28	-	135
Non-vested at February 28, 2014	<u>113,708</u>	<u>\$ 1.24</u>	<u>0.84</u>	<u>\$ 100</u>

As of February 28, 2014, we had \$86 thousand in unrecognized compensation cost related to non-vested restricted stock awards expected to be recognized over a weighted average period of 0.84 years. The stock-based compensation expense for restricted stock was based on grant date fair value of the awards for the remaining unvested periods. The total fair value of shares vested during fiscal 2014 and 2013 was \$229 thousand and \$549 thousand, respectively.

Warrants. The Company has granted warrants under various agreements. Warrants related to such agreements entered into in March 2008 expired in fiscal year 2014. Fair value of warrants issued under these agreements was determined based on the Black-Scholes pricing model using the following weighted-average assumptions:

	Fiscal 2009
Dividend yield	0%
Expected volatility	120%
Risk-free interest rate	4.2%
Expected lives in years	5.0

A summary of warrants issued and changes during fiscal 2014 and 2013 is presented below:

	February 28, 2014		February 28, 2013	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding at beginning of year	6,000	\$ 4.57	60,000	\$ 2.10
Issued	-	-	-	-
Exercised	-	-	(54,000)	1.82
Forfeited or expired	(6,000)	4.57	-	-
Outstanding at end of year	-	\$ -	6,000	\$ 4.57
Exercisable at end of year	-	\$ -	6,000	\$ 4.57

No warrants were granted during the fiscal years ended February 28, 2014 or February 28, 2013.

As of February 28, 2014, we had no unrecognized compensation cost related to non-vested warrants. The stock-based compensation expense for warrants was based on grant date fair value of the awards for the remaining unvested periods.

Stock Appreciation Rights.

On June 29, 2012, the Company granted its Chief Executive Officer 250,000 stock appreciation rights under the Premier Exhibitions, Inc. 2009 Equity Incentive Plan. Of these rights, 48,611 stock appreciation rights vested immediately, with the remainder vesting in thirty equal parts each month thereafter. The stock appreciation rights will be settled in cash, and expire five years from the date of grant. As of February 28, 2014, 138,893 of the stock appreciation rights have vested. Fair value of stock appreciation rights is determined using the Black-Scholes pricing model using weighted-average assumptions including expected volatility, risk-free interest rates, and the expected life of the award. Expected volatilities are based on the historical volatility of the Company's common stock. The Company uses the simplified method for estimating the expected life within the valuation model which is the period of time that stock appreciation rights granted are expected to be outstanding. The risk free rate for periods within the expected life of the stock appreciation rights is based on the U.S. Treasury Note rate. Fair value is recalculated at the end of each reporting period. As of February 28, 2014 and 2013 \$18 thousand and \$151 thousand, respectively has been included in accounts payable and accrued liabilities and represents the liability under this plan.

Note 11. Lease Abandonment

In 2008, the Company entered into a lease for exhibition space with Ramparts, Inc., the owner and operator of the Luxor Hotel and Casino in Las Vegas, Nevada. The Company's initial plans for the space were to operate three exhibitions and several ancillary attractions. During the third quarter of fiscal 2009, the Company opened two of three exhibitions. There were deficiencies with the third exhibition which, in the Company's judgment, prevented the Company from proceeding with the original plan. During the fourth quarter of fiscal 2010, the Company decided it was no longer feasible to open a third exhibition and committed to a plan to exit the space. Accordingly, the Company recorded lease abandonment expense of \$4.4 million during fiscal 2010 based on the remaining payments under a non-cancellable operating lease and adjusted for expected sublease rent. The related long-term lease abandonment liability of \$1.4 million and \$1.9 million at February 28, 2014 and February 28, 2013, respectively is reflected in Lease abandonment in the Consolidated Balance Sheets. The related current portion lease abandonment liability of \$0.5 million and \$0.5 million at February 28, 2014 and February 28, 2013, respectively is reflected in Accounts payable and accrued liabilities in the Consolidated Balance Sheets.

On July 19, 2010, the Company entered into a sublease agreement with Image Quest Worldwide, Inc. ("Image Quest"), under which they agreed to sublease a portion of the space we lease at the Luxor to present a sports themed exhibition. Under the terms of the agreement, Image Quest agreed to pay the Company monthly rent equal to the greater of \$30 thousand or 10% of gross sales ("rental charges") and additional charges, such as common area maintenance charges, ("additional charges") as allocated based on square footage of the subleased area. The Company had agreed to waive these rental charges and additional charges for August 2010 through July 2011, subject to the full performance of Image Quest under the Sublease. For the next twenty four months of the lease term (August 2011 – July 2013), 50% of the monthly rental charges and all additional charges accrued, but were not payable to Premier until August 1, 2013, when the entire balance plus interest at 5% became due and payable in equal monthly installments over twelve months. Image Quest has defaulted on its obligations under the Sublease and as of February 28, 2014 owes the Company \$892 thousand in back rent and additional charges, which is fully reserved. The Company is considering all of its options with respect to the termination of the sublease and efforts to collect the delinquent payments.

Note 12. Income Taxes

A summary of the components of the provision for income taxes for fiscal 2014 and 2013 consists of the following:

	February 28, 2014	February 28, 2013
Current income tax expense/(benefit):		
Federal	\$ (128)	\$ 121
State	(35)	70
Foreign	-	88
Total current income tax expense/(benefit)	<u>(163)</u>	<u>279</u>
Deferred income tax expense:		
Federal	-	-
State	-	-
Total deferred income tax expense	<u>-</u>	<u>-</u>
Total income tax expense/(benefit)	\$ (163)	\$ 279

The total provision for income taxes differs from the amount computed by applying the U.S. statutory federal income tax rate to income before income tax, as follows:

	February 28, 2014	February 28, 2013
Statutory federal income tax rate	34.0%	34.0%
State taxes, net of federal tax benefit	-	2.1
Nondeductible expenses	(4.8)	1.9
Adjustments of prior year amounts	(17.3)	0.9
Change in valuation allowance	(29.2)	(34.8)
Foreign taxes, net of federal benefit	-	4.1
Other	-	4.8
	<u>(17.3)%</u>	<u>13.0%</u>

Deferred income taxes recorded on the Company's Consolidated Balance Sheets result from temporary differences between the basis of assets and liabilities reported for financial statement purposes and such amounts reported under the tax laws and regulations. The net deferred tax asset consists of the following (in thousands):

	February 28, 2014	February 28, 2013
Current deferred assets/(liabilities):		
Accrued expenses	\$ 833	\$ 660
Accounts receivable	119	103
Inventory	(329)	28
Other	11	5
Prepaid insurance	(68)	(34)
Current deferred tax assets	566	762
Less: valuation allowance	(868)	(754)
Net current tax asset/(liability)	\$ (302)	\$ 8
Noncurrent deferred tax assets/(liabilities):		
Equity compensation	2,069	\$ 1,491
Accrued expenses	708	766
Foreign net operating loss carryforward	712	714
Federal net operating loss carryforward	6,424	2,993
State net operating loss carryforward	600	539
Contribution carryforwards	136	132
Intangible assets	691	845
Federal tax credits	752	874
Investment in subsidiary	(732)	2,789
Fixed assets	(231)	(570)
Noncurrent deferred tax assets	11,078	10,573
Less: valuation allowance	(10,827)	(10,581)
Net noncurrent deferred tax assets/(liabilities)	302	(8)
Net deferred tax assets	\$ -	\$ -

The Company files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The Company currently has approximately \$18.9 million of U.S. federal net operating losses that are available as carryforwards. The net operating losses may be limited under Section 382 of the Internal Revenue Code. The Company has performed an analysis to determine how much of these losses may be limited and the impact of such limitations is not material.

As of February 28, 2014, the Company has \$697 thousand of foreign tax credits and \$55 thousand of minimum tax credits available to offset future payments of U.S. Federal income tax. If not used, the foreign tax credits will expire beginning in 2018. The minimum tax credits can be carried forward indefinitely. The Company also has approximately \$19.5 million of state net operating losses that are available as either carryforwards or carrybacks. The majority of these losses were generated in fiscal years 2009 - 2014, and began expiring in the fiscal year ending February 28, 2014.

Realization of the tax benefits of net operating loss carryforwards and tax credit carryforwards is dependent upon the Company's ability to generate sufficient future taxable income in the appropriate taxing jurisdictions and within the applicable carryforward periods. After giving consideration to current forecasts of future taxable income and the expiration period of the carryforward tax benefits, the Company has recorded a valuation allowance of \$11.7 million to offset all net deferred income tax assets. This reflects an increase of \$0.4 million from the valuation allowance of \$11.3 million for fiscal 2013.

Deferred tax assets relating to the tax benefits of employee stock options have been reduced to reflect exercises through the fiscal year ended February 28, 2014. Certain exercises resulted in tax deductions in excess of previously recorded tax benefits. The Company's net operating loss carryforwards referenced above at February 28, 2014 include \$301 thousand of income tax deductions in excess of previously recorded tax benefits. Although these additional tax deductions are reflected in net operating loss carryforwards referenced above, the tax benefit will not be recognized until they reduce taxes payable. Accordingly, since the tax benefit did not reduce the Company's taxes payable in prior years, these tax benefits are not reflected in the Company's deferred tax assets as presented above. The tax benefit of these excess deductions will be reflected as a credit to additional paid-in capital when recognized.

The Company has elected to record interest and penalties as a component of General and administrative expenses on the Consolidated Statement of Operations. Interest and penalties for fiscal 2014 and 2013 were immaterial.

As of February 28, 2014, the Company has determined no liabilities for uncertain tax positions should be recorded. The Company does not anticipate a material change in the amount of unrecognized tax benefits over the next twelve months.

Revenue and Sales and Use Tax Examinations

As of February 28, 2014, the Internal Revenue Service ("IRS") completed its examination of the Company's federal tax returns for the fiscal years ended February 28(29), 2010, 2009, 2008 and 2007, with no significant adjustments required. The tax years February 28 (29), 2013, 2012 and 2011 remain open to IRS examination. In addition to the review by the IRS, the Company is, at times, under review by various state revenue authorities.

As of May 8, 2014, the State of New York has completed its most recent examination of the Company's sales and use tax returns for all periods through May 31, 2012. The State of New York has assessed additional sales and use tax of approximately \$374 thousand, including interest of \$93 thousand, of which \$37 thousand is accrued in the Company's financial statements as of February 28, 2014. The Company is appealing the remaining balance assessed by the State of New York as it relates to license payments for our Bodies exhibitions. The Company's position is that given the terms of the license, it is prohibited from charging sales tax and if the Company cannot charge sales tax, the Company cannot charge use tax.

In addition, the specimens were donated so the value was zero; without the plastination process, the specimens could not be exhibited; the royalty payments were payments for the "know-how" associated with the plastination process (which was patented) and not rental of the specimens; the purpose of the Seller, found in the whereas clauses of the Specimen Agreement, was to "promote scientific exchange" and was not purely commercial; the NY Attorney General agrees that these were human bodies based on the 2008 Settlement Agreement. In addition, if the specimens were deemed taxable, the tax base would be minimized since the fair market value of the specimens was zero since the specimens were donated and the Agreement contains other intangibles such as "non-compete" and "right of first refusal."

Note 13. Net Income/(Loss) Per Share

Basic per share amounts exclude dilution and are computed using the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential reduction in earnings per share that could occur if equity based awards were exercised or converted into common stock, unless the effects are anti-dilutive (i.e., the exercise price is greater than the average market price of the common shares). Potential common shares are determined using the treasury stock method and include common shares issuable upon exercise of outstanding stock options and warrants.

The following table sets forth the computation of basic and diluted net income/(loss) per share. Since the year ended February 28, 2014 resulted in a net loss, the impact of dilutive effects of stock options was not added to the weighted average shares.

February 28, 2014 **February 29, 2013**

Numerator:		
Net income/(loss) attributable to the shareholders' of Premier Exhibitions, Inc.	\$	(714) \$ 1,950
Denominator:		
Basic weighted-average shares outstanding	49,219,536	48,159,918
Effect of dilutive stock options and warrants	-	400,745
Diluted weighted-average shares outstanding	<u>49,219,536</u>	<u>48,560,663</u>
Net income/(loss) per share:		
Basic	\$	(0.01) \$ 0.04
Diluted	\$	(0.01) \$ 0.04

Equity based awards not included in the per share computation because the option exercise price was greater than the average market price of the common shares are reflected in the following table.

February 28, 2014 **February 28, 2013**

Warrants	-	6,000
Stock options	911,663	1,145,032
Total	<u>911,663</u>	<u>1,151,032</u>

Note 14. Employee Savings Plans

The Company sponsors the Premier Exhibitions 401(k) and Profit Sharing Plan (the "Plan") under section 401(k) of the Internal Revenue Code of 1986, as amended. Under the Plan, all employees eligible to participate may elect to contribute up to the lesser of 60% of their salary or the maximum allowed under the Code. All employees who are at least age 21 and have completed three months of service with the Company are eligible to participate. Effective June 1, 2012, the Plan was amended to allow for Company matching of employee contributions at a rate of 100% of up to 3% of eligible compensation and 50% for 4%-5% of employee eligible contributions. Prior to this amendment, the Company matching of employee contributions was at a rate of 50% of up to 6% of eligible contributions. During fiscal 2014 and 2013, the Company made \$118 thousand and \$104 thousand in qualified matching contributions to the Plan, respectively.

Note 15. Commitments and Contingencies

Lease Arrangements

Specimens and Artifacts

The Company had non-cancellable operating leases for the rental of certain specimens used in its Bodies exhibitions. The leases were payable quarterly, and had a term of five years and five annual options to extend. During December 2010, the Company evaluated the performance of recently opened touring exhibitions and determined that the weak performance of several of the Bodies self-operated shows in unbranded facilities were well below expectations. Consequently, the Company elected not to renew certain of the leases it held on collections of specimens used in its touring Bodies exhibitions. After these agreements were not extended, at February 28, 2011, the Company had three lease agreements remaining for specimens, with expiration dates of September 2011 and June 2012. During fiscal year ended 2012 another of these agreements was allowed to expire. The Company currently has two lease agreements for specimens with expiration dates in February and March 2015 with one year options through fiscal year 2020.

The Company has a non-cancellable operating lease for certain artifacts used in its One Day in Pompeii exhibition. The leases are payable at the opening of each new venue. This agreement expires after the third Pompeii exhibition.

The Company has a non-cancellable operating lease for certain artifacts used in its Real Pirates exhibition. The leases are payable quarterly and have a term of five years. This agreement expires in March 2018.

Principal Executive Offices

Our principal executive office is located at 3340 Peachtree Road, N.E., Suite 900, Atlanta, Georgia. This space, which consists of 12,874 square feet, is used for management, administration and marketing purposes. The Company entered into an eighth amendment to the lease for its principal executive office space in Atlanta, Georgia effective January 1, 2014 which extends the lease until May 31, 2017.

Warehouse Space for Artifacts and Other Exhibitory

The Company leases warehouse and lab space for the conservation, conditioning and storage of artifacts and other exhibitry. On October 12, 2011, the Company entered into a lease agreement for approximately 48,000 square feet of warehouse and lab space in Atlanta, Georgia. The agreement is for a five-year term with two additional options to extend for up to an additional ten years. For security purposes, we do not disclose the location of this property. Other storage space has been rented on a month-to-month basis, in various locations, as needed.

Warehouse Space for Exhibitory Assets

The Company leases warehouse space to store the Arts and Exhibition, LLC exhibitry. On January 16, 2013, the Company entered into a 6 ½ month lease agreement for approximately 21,000 square feet of warehouse space in Atlanta, Georgia. In August 2013, the Company extended this lease through March 2015.

Warehouse Space for Merchandise Inventory

The Company leases warehouse space for its merchandise inventory under a lease assumed as part of the Exhibit Merchandising, LLC acquisition. The Company assumed a lease dated March 2011 for approximately 20,000 square feet of warehouse space in Statesboro, Ohio under a lease that expired in August 2013. In August 2013, the Company extended this lease to August 14, 2017.

Luxor Hotel and Casino – Las Vegas, Nevada

On March 12, 2008, the Company entered into a ten-year lease agreement for exhibition space with Ramparts, Inc., owner and operator of The Luxor Hotel and Casino in Las Vegas, Nevada, with an option to extend for up to an additional ten years. This lease includes approximately 36,141 square feet of space within the Luxor Hotel and Casino. We use the space, among other things, to present our “Bodies...The Exhibition” and “Titanic: The Experience” exhibitions. The lease commenced with the completion of the design and construction work which related to the opening of our “Bodies...The Exhibition” exhibition in August 2008 and the opening of the Titanic exhibition in December 2008. See discussion in **Note 11. Lease Abandonment** regarding abandonment of a portion of the leased space.

Atlantic Station – Atlanta, Georgia

On July 2, 2008, the Company entered into a lease agreement for exhibition space with Atlantic Town Center in Atlanta, Georgia. Until March 6, 2012 we used the space to present our “Bodies...The Exhibition” and our “Dialog in the Dark” exhibitions. This space is currently being used to present our “Bodies...The Exhibition” and our “Extreme Dinosaurs” exhibitions. The initial lease term was for three years with four one-month renewal options and was scheduled to expire in February 2012. On September 30, 2011, the Company entered into a first amendment to this lease. The first amendment extended the lease term for an additional 16 months, with a two year extension option, and expired January 31, 2013. On October 22, 2012, the Company entered into a second amendment to the lease for its exhibition space in Atlantic Station in Atlanta, Georgia. The lease term is for an additional 24 months from February 1, 2013 through January 31, 2015.

Seaport - New York City, New York

On April 7, 2008 the Company entered into a lease agreement for exhibition space with General Growth Properties, Inc. in New York City, New York. We used the space to present our “Bodies...The Exhibition” exhibition and a “Dialog in the Dark” exhibition. On July 26, 2012, the Company entered into a first amendment to the lease for an additional 12 months from January 1, 2013 through December 31, 2013 pursuant to the first amendment, the lease could be terminated by the lessor with a ninety day written notice, but not prior to June 30, 2013. The Company’s exhibitions at The South Street Seaport in New York City (“Seaport”) were closed at the end of October 2012 due to complications from Hurricane Sandy and subsequent action by governmental authorities and the landlord. The exhibitions remain closed. Following Hurricane Sandy, municipal authorities ordered that the building not be reopened to the public until the landlord made the necessary repairs. In December 2012, the landlord notified the Company that it had no estimate for the date the facility would be reopened. On January 2, 2013, the landlord notified the Company that it intended to terminate the Company’s South Street Seaport lease on June 30, 2013.

Buena Park, California

On April 3, 2013, the Company entered into a lease agreement for exhibition space with the Successor Agency of the Community Redevelopment Agency of the City of Buena Park, California. We intend to open the space in the second quarter of 2014 and will present "Bodies...The Exhibition" and "Titanic: The Experience" exhibitions in the space. The Company leased the exhibition space for \$1 per month through January 1, 2015, and has agreed to make capital improvements to the space and to maintain the facility during the term.

"Titanic – The Experience" – Orlando, Florida

On October 17, 2011, the Company entered into the assignment and second amendment to lease for exhibition space with George F. Eyde Orlando, LLC and Louis J. Eyde Orlando, LLC. We use the space to present our "Titanic – The Experience" exhibition and dinner theatre. The lease term is for five years and expires in September 2016. In January 2014, the Company entered into an additional amendment to the lease to provide the Company with the option to terminate the lease in June 2015.

Touring Exhibitions

From time to time the Company enters into short-term lease agreements for exhibition space for its touring exhibitions. At February 28, 2014, the Company had no obligations under lease agreements its touring exhibits.

Lease Expense and Commitments

Lease expense charged to operations under these agreements was as follows:

	<u>February 28, 2014</u>	<u>February 28, 2013</u>
Specimen and artifact fixed rentals	\$ 1,553	\$ 1,646
Real estate rentals	4,576	5,087
Equipment rentals	73	67
Total rent expense	<u>\$ 6,202</u>	<u>\$ 6,800</u>

Aggregate minimum lease commitments at February 28, 2014, are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2015	6,071
2016	4,126
2017	4,026
2018	3,465
2019	1,373
Total	<u>\$ 19,061</u> ***

***Amounts have been reduced by sublease rental income of \$300 thousand for fiscal years 2015-2018 and \$125 thousand for fiscal year 2019. Amounts related to the New York City lease signed on April 9, 2014 are not included. In addition, the specimen and artifact licenses fees included certain per ticket fees which are not included above.

Legal Proceedings

The Company is currently involved in certain legal proceedings. To the extent that a loss related to a contingency is reasonably estimable and probable, the Company accrues an estimate of that loss. Because of the uncertainties related to both the amount and range of loss on certain pending litigation, the Company may be unable to make a reasonable estimate of the liability that could result from an unfavorable outcome of such litigation. As information becomes available, the Company assesses any potential liability related to pending litigation and makes or, if necessary, revises its estimates. Such revisions in estimates of potential liability could materially impact the Company's results of operations and financial position. At February 28, 2014, the Company had no accrual for contract and legal settlement liabilities or legal settlements receivable. At February 28, 2013, the Company had \$15 thousand accrued for contract and legal settlement liabilities and \$383 thousand in contract and legal settlements receivable.

Concentrations

The Company conducts business with certain third party presenters in order to bring its exhibitions to market. If relationships with any or all of these presenters is damaged or the presenters decide to no longer conduct business with the Company, it is possible that the Company's ability to bring its exhibits to market could be delayed or otherwise impaired. There is currently no indication that these relationships are impaired or that the presenters intend to terminate their business relationship with the Company.

In addition, the Company currently presents four types of exhibits, three of which are dependent upon license agreements in order to present the exhibitions. If license agreements related to the Company's "Real Pirates", "One Day in Pompeii", or "Bodies... The Exhibition" exhibitions are not renewed in the future, it could prevent the Company from presenting these exhibitions.

The Company currently conducts some of its business outside of the U.S. At February 28, 2014, the Company had four of its exhibits located outside the U.S. in the Netherlands, Canada, Estonia, and Italy.

Note 16. Related Party Transactions

Consulting Agreements

On February 2, 2009, the Company entered into a month-to-month consulting agreement with Foxdale Management, LLC and Mr. Samuel Weiser whereby Mr. Weiser provides advice and other consulting services to the Company at a rate which was originally not to exceed \$20 thousand per month and amended in January 2011 not to exceed \$25 thousand per month. The Company incurred \$100 thousand in expenses under this agreement for fiscal 2013. Mr. Weiser has served as a member of the Company's Board of Directors since August 2009 and was previously the Chief Operating Officer of Sellers Capital, LLC. Pursuant to this consulting agreement, Mr. Weiser served as Interim Chief Financial Officer of the Company from May 17, 2011 to June 27, 2011, and served as Interim President and Chief Executive Officer until June 29, 2012 when he was named President and Chief Executive Officer and this consulting agreement was cancelled. Prior to his appointment as Interim Chief Financial Officer, Mr. Weiser had been serving as a consultant to the Company and overseeing the Company's finance function while the Company began conducting a search for a permanent Chief Financial Officer.

Note 17. Non-controlling Interest

Arts and Exhibitions International, LLC

On April 20, 2012, the Company's Premier Exhibition Management LLC subsidiary and its wholly owned subsidiary, PEM Newco, LLC ("Newco"), entered into a purchase agreement with AEG Live LLC, AEG Exhibitions LLC, and Arts and Exhibitions International, LLC pursuant to which Newco purchased substantially all of the assets of Arts and Exhibitions International, LLC ("AEI"). The assets purchased include the rights and tangible assets relating to four touring exhibitions known as "King Tut II," "Cleopatra," "America I Am" and "Real Pirates." Of these four exhibitions, the Company is currently touring only "Real Pirates". The Company granted a 10% interest in Premier Exhibition Management LLC ("PEM") to AEG Live valued at \$3.0 million as part of this transaction. The Company used Level 3 inputs based upon ASC 820 to value AEG Live's interest in PEM. The Company projected the future discounted cash flow by projecting the statement of operations and the probability of achievement to determine the fair value of the assets. During the year ended February 28, 2014 and 2013, the net loss related to the non-controlling interest in PEM was \$64 thousand and \$83 thousand, respectively.

Note 18. Purchase and Registration Rights Agreements

On October 31, 2011, the Company and Lincoln Park Capital Fund, LLC (“LPC”), entered into a Purchase Agreement (the “LPC Purchase Agreement”) and a Registration Rights Agreement (the “Registration Rights Agreement”), whereby the Company has the right to sell, at its sole discretion, to LPC up to \$10 million of the Company’s common stock, over a 36-month period (any such shares sold being referred to as the “Purchase Shares”). Under the Registration Rights Agreement, the Company agreed to file a registration statement with the SEC covering the Purchase Shares and the Commitment Shares (as defined below).

The LPC Purchase Agreement and Registration Rights Agreement were entered into following the termination by mutual agreement of previous purchase agreements and registration rights agreements dated May 20, 2011 and October 19, 2011, which provided for a substantially similar financing transaction between the Company and LPC. The October 19, 2011 agreements were terminated in order to enable the parties to reduce the maximum number of shares of the Company’s common stock issuable in connection with the proposed financing transaction. The October 19, 2011 agreements replaced a previous purchase agreement and registration rights agreement dated May 20, 2011. The previous agreements were terminated by mutual agreement of the Company and LPC in order to eliminate the ability of the Company to sell Initial Purchase Shares of \$1.25 million to LPC on the commencement of the Agreement, and to eliminate warrants that may have been issued under the original agreements if the Company had elected to sell the Initial Purchase Shares.

The registration statement filed pursuant to the Registration Rights Agreement has been declared effective by the SEC. The Company generally now has the right, but not the obligation, over a 36-month period, to direct LPC to periodically purchase the Purchase Shares in specific amounts under certain conditions at the Company’s sole discretion. The purchase price for the Purchase Shares will be the lower of (i) the lowest trading price on the date of sale or (ii) the arithmetic average of the three lowest closing sale prices for the common stock during the 12 consecutive business days ending on the business day immediately preceding the purchase date. However, we cannot sell shares under this agreement if our share price is below \$1. In no event, however, will the Purchase Shares be sold to LPC below the floor price as defined in the LPC Purchase Agreement.

In consideration for entering into the purchase agreement between the Company and LPC dated May 20, 2011, the Company issued to LPC 149,165 shares of common stock as an initial commitment fee. Under the October 30, 2011 Purchase Agreement, the Company is also required to issue up to 149,165 shares of common stock as commitment shares on a pro rata basis as the Company directs LPC to purchase the Company’s shares under the Purchase Agreement. The LPC Purchase Agreement may be terminated by the Company at any time at the Company’s discretion without any cost to the Company. The proceeds that may be received by the Company under the LPC Purchase Agreement are expected to be used for general corporate purposes, including working capital.

Under the LPC Purchase Agreement, the Company has agreed that, subject to certain exceptions, it will not, during the term of the LPC Purchase Agreement, effect or enter into an agreement to effect any issuance of common stock or securities convertible into, exercisable for or exchangeable for common stock in a “Variable Rate Transaction,” which means a transaction in which the Company:

-) issues or sells any debt or equity securities that are convertible into, exchangeable or exercisable for, or include the right to receive additional shares of common stock either (A) at a conversion price, exercise price or exchange rate or other price that is based upon and/or varies with the trading prices of or quotations for the shares of common stock at any time after the initial issuance of such debt or equity securities, or (B) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such debt or equity security or upon the occurrence of specified or contingent events directly or indirectly related to our business or the market for the common stock; or
-) enters into any agreement, including, but not limited to, an equity line of credit, whereby it may sell securities at a future determined price.

The Company has also agreed to indemnify LPC against certain losses resulting from its breach of any of its representations, warranties or covenants under the agreements with LPC.

During the year ended February 29, 2012, the Company sold 275,000 shares for \$634,675 and issued 158,632 commitment shares under this agreement. No shares were issued or sold during the years ended February 28, 2014 and 2013.

Note 19. Litigation and Other Legal Matters

Status of Salvor-in-Possession and Interim Salvage Award Proceedings

The Company has been party to a salvage case titled *RMS Titanic, Inc. v. The Wrecked and Abandoned Vessel, et al., in rem* for nearly 20 years. The Company has served as sole salvor-in-possession of the Titanic wreck site since 1994. On August 12, 2010, the U. S. District Court for the Eastern District of Virginia (the "District Court") issued an opinion granting a salvage award to RMST based upon the Company's work in recovering and conserving over three thousand artifacts from the wreck of Titanic during its expeditions conducted in 1993, 1994, 1996, 1998, 2000, and 2004 (the "Post 1987 Artifacts"). The Company was awarded 100 percent of the fair market value of the artifacts, which the District Court set at approximately \$110 million. The District Court reserved the right to determine whether to pay the Company a cash award from proceeds derived from a judicial sale, or in the alternative, to issue the Company an *in-specie* award of title to the artifacts with certain covenants and conditions which would govern their maintenance and future disposition.

On August 15, 2011, the District Court granted an *in-specie* award of title to the artifacts to RMST for the Post 1987 Artifacts. Title to the Post 1987 Artifacts comes with certain covenants and conditions drafted and negotiated by the Company and the United States government. These covenants and conditions govern the maintenance and future disposition of the artifacts. These covenants and conditions include the following:

-) The approximately 2,000 "1987 Artifacts" and the approximately 3,500 "Post 1987 Artifacts" must be maintained as a single collection;
-) The combined collections can only be sold together, in their entirety, and any buyer of the assets would be subject to the same conditions applicable to RMST and the purchase subject to court approval; and
-) RMST must comply with provisions that guarantee the long-term protection of all of the artifacts. These provisions include the creation by RMST of a reserve fund (the "Reserve Fund"). The Reserve Fund is irrevocably pledged to and held for the exclusive purpose of providing a performance guarantee for the maintenance and preservation of the Titanic collection for the public interest. The Company will pay into the Reserve Fund a minimum of twenty five thousand dollars (\$25 thousand) for each future fiscal quarter until the corpus of such Reserve Fund equals five million dollars (\$5 million). Though not required under the covenants and conditions, the Company may make additional payments into the Reserve Fund as it deems appropriate, consistent with its prior representations to the Court and sound fiscal operations. The Company established the Reserve Fund and funded it with \$25 thousand during November 2011 and continues to fund it with quarterly \$25 thousand payments. The current balance in the Reserve Fund is \$257 thousand, including interest income.

During these proceedings, on July 2, 2004, the District Court also rendered an opinion and order in which it held that it would not recognize a 1993 Procès-Verbal, pursuant to which the government of France granted RMST title to all artifacts recovered from the wreck site during the 1987 expedition (the "1987 Artifacts"). RMST appealed the July 2, 2004 District Court order to the Appellate Court. On January 31, 2006, the Appellate Court reversed the lower court's decision to invalidate the 1993 Procès-Verbal, pursuant to which the government of France granted RMST title to all artifacts recovered from the wreck site during the 1987 expedition. As a result, the Appellate Court tacitly reconfirmed that RMST owns the approximately 2,000 artifacts recovered during the 1987 expedition. These artifacts were not part of the August 2011 award, but are now subject to the covenants and conditions agreed to by the Company.

Status of International Treaty Concerning the Titanic Wreck

The U.S. Department of State (the "State Department") and the National Oceanic and Atmospheric Administration of the U.S. Department of Commerce ("NOAA") are working together to implement an international treaty (the "Treaty") with the governments of the United Kingdom, France and Canada concerning the Titanic wreck site. If implemented in this country, this treaty could affect the way the District Court monitors our salvor-in-possession rights to the Titanic. These rights include the exclusive right to recover artifacts from the wreck site, claim possession of and perhaps title to artifacts recovered from the site, and display recovered artifacts. Years ago we raised objections to the State Department regarding the participation of the U.S. in efforts to reach an agreement governing salvage activities with respect to the Titanic. The proposed Treaty, as drafted, did not recognize our existing salvor-in-possession rights to the Titanic. The United Kingdom signed the Treaty in November 2003, and the U.S. signed the Treaty in June 2004. For the Treaty to take effect, the U.S. must enact implementing legislation. As no implementing legislation has been passed, the Treaty currently has no binding legal effect.

In August 2011, the State Department and NOAA resubmitted draft legislation to Congress. Since that time, RMST has worked with the U.S. government to develop a number of textual modifications to this proposed implementing legislation to address the Company's concerns. The proposed legislation has not passed and for now the legislation process has stalled.

Other Litigation

On February 26, 2013, the Company filed suit in the U.S. District Court for the Northern District of Georgia, Atlanta Division against Thomas Zaller and his companies, Imagine Exhibitions, Inc. and Imagine Exhibitions, PTE, LTD. Mr. Zaller is a former executive of the Company. The suit alleges that Mr. Zaller and his companies fraudulently obtained certain of the Company's confidential and proprietary intellectual property related to the design of its Titanic exhibitions. The Company claims that Mr. Zaller and his companies unlawfully used such property in the development of their own competing Titanic exhibition which was presented this year at the Venetian Macau, and which is now being marketed around the world. In the suit, the Company makes claims against Mr. Zaller personally for conversion, breach of contract, and misappropriation of trade secrets under Georgia law. The Company makes claims against Mr. Zaller and his companies for unjust enrichment, fraud, fraudulent inducement, and trade dress violations under the Lanham Act. The Company has sued for unspecified damages. The case is still in its early stages and the outcome of the case is not readily determinable at this time.

In a related matter, on April 29, 2013, the Company filed suit in the U.S. District Court for the Middle District of Florida, Jacksonville Division against Kingsmen Creatives, LTD, and Kingsmen Exhibits PTE, LTD. Kingsmen Creatives is a publicly traded Singapore based design company and is traded on the Singapore Exchange. Kingsmen Exhibits PTE, LTD. is a wholly-owned subsidiary of Kingsmen Creatives, LTD. and designs exhibition and museum properties. The Kingsmen companies partnered with Thomas Zaller and his companies in development of their competing Titanic exhibition. The Company alleges that the Kingsmen companies participated in an unlawful conspiracy with Thomas Zaller and his companies which caused injury to the Company. The Company also made claims against the Kingsmen companies for conversion, misappropriation of trade secrets under Florida law, unjust enrichment, and trade dress violations under the Lanham Act. The Company sued for unspecified damages. The court recently ruled that it lacked personal jurisdiction over Kingsmen Creatives, LTD and Kingsmen Exhibits PTE, LTD. and dismissed the case. The Company has filed an appeal of this dismissal, which is pending.

On April 22, 2013, Kingsmen Exhibits PTE, LTD. filed suit against the Company in the High Court of the Republic of Singapore. This suit followed extensive correspondence between the Company and the Kingsmen companies regarding the allegations of wrongdoing by the Kingsmen companies, along with their partners Thomas Zaller and his companies. Kingsmen seeks a judgment declaring that they did not violate the Singapore Copyright Act and the Singapore Trademark Act and prohibiting the Company from continuing to make claims that Kingsmen infringed the Company's copyrights and trademarks. Kingsmen also seeks unspecified damages from the Company related to actions taken by the Company to protect its confidential and proprietary intellectual property. On December 18, 2013, the Company filed a counterclaim against Kingsmen Exhibits PTE, LTD. in this lawsuit. In the counterclaim, the Company alleges that Kingsmen unlawfully competed against the Company in the development and operation of its competing Titanic exhibition. Specifically, the Company alleges that Kingsmen infringed on its copyrights by unlawfully obtaining and using the Company's design files to build its exhibitions. The Company seeks to enjoin Kingsmen from continuing to infringe on its rights, and for unspecified damages related to the infringement. The case is still in its early stages and the outcome of the case is not readily determinable at this time.

On February 14, 2014, SeaVentures, LTD. filed suit against the Company in the Circuit Court for the Ninth Judicial District in Orange County, Florida. The suit alleges that the Company breached a contract with SeaVentures under which we were required to present one or more Titanic exhibitions jointly presenting Titanic artifacts and artifacts recovered from the RMS Carpathia which are owned by SeaVentures, LTD. SeaVentures seeks \$743 thousand plus interest and costs. The case is in its initial stages and the outcome of the case is not readily determinable at this time.

From time to time the Company is or may become involved in other legal proceedings that result from the operation of its exhibitions and business.

Settled Litigation

On July 30, 2009, Sports Immortals, Inc. and its principals, Joel Platt and Jim Platt (together, "Sports Immortals"), filed an action against the Company in the Circuit Court of the Fifteenth Judicial District in Palm Beach County, Florida for claims arising from their license agreement with the Company under which the Company obtained rights to present sports memorabilia exhibitions utilizing the Sports Immortals, Inc. collection. The plaintiffs alleged that the Company breached the contract when the Company purported to terminate it in April of 2009, and they sought fees and stock warrant agreements required under the agreement. The Company filed its answer and counterclaims on September 7, 2009. Answering the complaint, the Company denied plaintiffs' allegations and maintained that the Sports Immortals, Inc. license agreement was properly terminated. The Company counterclaimed against the plaintiffs for breach of contract, fraudulent inducement and misrepresentation, breach of the covenant of good faith and fair dealing, and violation of Florida's deceptive and unfair practices act. On August 16, 2011, the Company and Sports Immortals entered into a Settlement and Release Agreement (the "Agreement"). In exchange for full settlement and release of all claims of Sports Immortals, pursuant to the Agreement the Company agreed to pay \$475 thousand currently, \$475 thousand on the first anniversary of settlement, and to exchange certain warrants previously issued to Jim Platt and Joel Platt for warrants with an exercise price set at the market price on the date of settlement of \$1.82. An expense of \$6 thousand for the exchange of these warrants is included in General and administrative expenses for the year ended February 29, 2012. In third quarter of fiscal 2010, the Company accrued \$167 thousand as an estimate of the cost to settle this litigation. An additional expense of \$783 thousand was recorded in second quarter of fiscal 2012. The first installment of the settlement agreement of \$475 thousand was paid on September 7, 2011. The remaining \$475 thousand settlement payable was paid during the second quarter of fiscal 2013.

In April 2011, the Company filed suit in the U.S. District Court for the Northern District of Georgia against Serge Grimaux and his companies, including Serge Grimaux Presents, Inc. and 9104-5773 Quebec, Inc. The suit alleges that Grimeaux failed to pay over \$800 thousand due and owing the Company under a series of license agreements pursuant to which Mr. Grimaux and his entities presented the Company's Titanic and human anatomy exhibitions in venues throughout Canada. The Company settled this litigation on November 10, 2011 for \$375 thousand, of which \$215 thousand has been received and the remainder of which is subject to collection. As of February 28, 2014, a receivable of \$61 thousand, net of allowance for doubtful accounts of \$185 thousand, is included in the Company's accounts receivable.

On August 5, 2011, the Company filed suit in the U.S. District Court for the Southern District of New York against Gunther Von Hagens and his company, Plastination Company, Inc. The suit alleged that Von Hagens and Plastination breached a settlement agreement with the Company, tortiously interfered with the Company's business, conspired against the Company and engaged in unfair competition practices. These claims related to information Von Hagens and Plastination provided to ABC News and other third-parties about the origin of the human anatomy specimens licensed by the Company and used in its human anatomy exhibitions. The Company sued for unspecified damages. On April 23, 2013, the parties entered into a confidential settlement agreement under which the lawsuit has been dismissed. The proceeds related to this settlement have been included in the first quarter of fiscal 2014 consolidated statement of operations.

On August 7, 2012, the Company filed suit against Marmargar, Inc. in the United States District Court for the Northern District of Georgia, Atlanta Division. The Company filed suit in response to a claim by Marmargar regarding amounts allegedly due Marmargar pursuant to two alleged contracts with the Company. In particular, Marmargar sought four percent of all monies received by the Company from a future sale of the Titanic artifacts. The Company denied all claims of Marmargar. In its lawsuit, the Company sought a judgment from the Court declaring that the alleged contracts were unenforceable and that the Company did not owe Marmargar any monies. The case was transferred to the United States District Court for the Eastern District of Virginia, Norfolk Division, where Marmargar had consented to jurisdiction. Marmargar filed a counterclaim seeking to enforce the two alleged contracts. On April 4, 2013, the parties entered into a confidential settlement agreement under which the lawsuit has been dismissed. The expense related to this settlement was recorded in the fourth quarter of fiscal 2013.

The Company believes that adequate provisions for resolution of all contingencies, claims and pending litigation have been made for probable losses and that the ultimate outcome of these actions will not have a material adverse effect on the Company's financial condition.

Note 20. Foreign Operations

Our exhibitions regularly tour outside the U.S. Approximately 8% and 3% of our revenues for fiscal 2014 and fiscal 2013, respectively, resulted from exhibition activities outside the U.S. Aggregate foreign currency transaction loss included in Net income/(loss) in the Consolidated Statement of Comprehensive Income/(Loss) was \$137 thousand and \$0 thousand for fiscal 2014 and 2013, respectively. Foreign currency translation adjustments, as presented in Accumulated other comprehensive loss in the Consolidated Balance Sheet, are reflected in the following table (in thousands):

Foreign currency translation gain/(loss):	
Balance as of February 28, 2012	\$ (472)
Translation adjustment	13
Balance as of February 28, 2013	(459)
Translation adjustment	9
Reclassification to earnings	137
Balance as of February 28, 2014	<u>\$ (313)</u>

Note 21. Asset Purchase Agreement and Related Matters

Transaction - Arts and Exhibitions International, LLC

On April 20, 2012, Premier Exhibition Management LLC and its wholly owned subsidiary, PEM Newco, LLC ("Newco"), both subsidiaries of the Company, entered into a purchase agreement with AEG Live LLC, AEG Exhibitions LLC, and Arts and Exhibitions International, LLC pursuant to which Newco purchased, effective April 20, 2012, substantially all of the assets of Arts and Exhibitions International, LLC ("AEI"). The assets purchased include the rights and tangible assets relating to four touring exhibitions known as "King Tut II," "Cleopatra," "America I Am" and "Real Pirates." Of these four exhibitions, the Company is currently touring only "Real Pirates". The acquired assets include rights agreements with the owners of the artifacts and intellectual property comprising the exhibitions, museum/venue agreements for existing exhibition venues, sponsorship agreements, a warehouse lease and an office lease. Our license to exhibit "King Tut II" and "Cleopatra" expired during fiscal 2013. In addition, the acquired assets include intellectual property related to proposed future exhibitions that the Company may further develop and produce, including "One Day in Pompeii". These proposed future exhibitions will continue to be the property of the Company after the maturity of the note. The Company will operate any such additional properties under its exhibition management subsidiary.

Pursuant to the Purchase Agreement, Newco purchased the exhibition properties and assets of AEI in exchange for the issuance to AEG of a 10% equity interest in PEM and a non-recourse and non-interest bearing promissory note in the initial principal amount of \$14,187,000 and with a maturity date of February 28, 2017 (the "Promissory Note"). While no cash consideration was paid upon the closing of the transaction, the Company incurred approximately \$660,000 in transaction related expenses for investment banking, legal, and accounting fees of which \$550,000 was recognized in fiscal year 2013 and \$110,000 in fiscal year 2012, and, which are included in general and administrative expenses. Newco has also assumed substantially all of the agreements and obligations associated with the acquired assets arising after the closing date, but AEG will retain the obligation to pay the rights fees that accrue on existing exhibitions, which payments totaled \$2.2 million. When AEG paid these fees, the balance of the Promissory Note was increased by the amount of the payments.

Pursuant to the Promissory Note, Newco will make payments to AEG equal to (a) 100% of net revenues from exhibition bookings entered into by AEG or pending as of closing and transferred to Newco pursuant to the Purchase Agreement, (b) 100% of net revenues from future bookings, after payment to PEM of a 10% booking fee, (c) 100% of the net revenues from the future sale of any tangible exhibitry, equipment and other fixed assets comprising the acquired assets, and (d) 20% of the net revenues from proposed exhibitions acquired from AEG that are ultimately developed and presented. "Net revenues" are determined after deduction by Newco of the direct expenses of operating the exhibitions. Newco is also entitled to retain, before remitting any payments on the Promissory Note, a management fee in the following amount: (a) 5% of gross revenues (after deducting any PEM booking fees) for calendar year 2012; and (b) 10% of gross revenues (after deducting any PEM booking fees) for each calendar year thereafter; provided that the management fee shall not be less than the following minimum fees: \$697 thousand in calendar year 2012; \$750 thousand in calendar year 2013; \$500 thousand in calendar year 2014; and \$250 thousand in each of calendar years 2015 and 2016.

If the face value of the Promissory Note is paid in full prior to the maturity date, Newco will pay AEG 40% of any additional net revenues derived from operation of the acquired assets thereafter through the maturity date, after deduction of the 10% management fee and the 10% booking fee, if applicable. If the face value of the Promissory Note is not satisfied in full at the maturity date, Newco shall satisfy any shortfall by, at its option, selling some or all of the remaining acquired tangible assets, returning some or all the remaining acquired tangible assets to AEG, or paying the applicable portion of the value of the remaining tangible assets to AEG. However, the intangible assets related to intellectual property acquired as part of the transaction will remain the property of the Company.

Due to the non-recourse nature of the Promissory Note, if the proceeds from the acquired exhibitions and asset sales described above are not sufficient to satisfy the Promissory Note in full on or prior to the maturity date, then none of the Company, PEM or Newco will have any liability with respect to any shortfall. During fiscal 2014, the Promissory Note was reduced based upon updated cash flow projections. See Note 9 for further discussions regarding this adjustment.

The following table summarizes the allocation of the purchase price of the Arts and Exhibition International, LLC acquisition to the estimated fair values of the assets and liabilities assumed at the date of acquisition (in thousands):

Consideration:	
Non-recourse note payable	\$ 11,433
Non-controlling interest in PEM, LLC	3,018
Total consideration given	14,451
Recognized amounts of identifiable assets acquired and liabilities assumed:	
Cash	2,481
Prepaid expenses	6,200
Property, plant, and equipment	3,003
Long-term exhibition costs	618
Identifiable intangible assets	4,380
Deferred revenue	(2,481)
Total identifiable net assets	14,201
Goodwill	\$ 250

Transaction – Exhibit Merchandising, LLC

On July 12, 2012, the Company purchased substantially all of the assets of Exhibit Merchandising, LLC for \$125 thousand from TIX Corporation and Exhibit Merchandising, LLC. The assets purchased consisted of inventory valued at \$25 thousand and fixed assets valued at \$100 thousand.

As part of the asset purchase of Exhibit Merchandising, LLC, we obtained the rights to sell all merchandise related to “Tutankhamun and the Golden Age of the Pharaohs”, “Cleopatra: The Exhibition” and “Real Pirates.”

Note 22 - Segment Information

The Company has two reportable segments - Exhibition Management and RMS Titanic. The Exhibition Management segment involves the management of all of the Company’s exhibition operations, including the operation and management of Premier’s Bodies, Titanic (through an inter-company agreement with RMST), Dialog in the Dark and Pompeii exhibitions as well as the operation and management of the AEI properties known as “King Tut II,” “Cleopatra,” “America I Am” and “Real Pirates.” The exhibition management division also includes our exhibition merchandising business, conducted under the Company’s wholly owned subsidiary, Premier Merchandising, LLC. The RMS Titanic segment manages the Company’s rights to the Titanic assets, including title to all of the recovered artifacts in the Company’s possession and all of the intellectual property (video, photos, maps, etc.) related to the recovery of the artifacts and research of the ship. In addition, the RMS Titanic segment manages the Company’s responsibilities as salvor-in-possession of the Titanic wreck site.

Revenue derived from exhibitions presented outside of the U.S. was \$2.4 million and \$1.2 million for fiscal year 2014 and 2013, respectively. The Company’s foreign exhibitions are all touring. As such, the concentration of foreign income in any period is fluid and changes as exhibitions are moved, normally every four to six months.

All reported revenues were derived from external customers, with the exception of \$1.8 million and \$2.4 million reported for the RMS Titanic segment for fiscal 2014 and 2013, respectively. This revenue represents a royalty fee paid by the Exhibition Management segment for the use of Titanic assets in its exhibits, and is reflected as a corresponding cost of revenue in the Exhibition Management segment. Revenue earned and expenses charged between segments are eliminated in consolidation.

Certain corporate expenses are allocated based on intercompany agreements between PRXI, PEM and RMST for shared services.

The following tables reflect the Statements of Operations for fiscal 2014 and 2013, respectively by segment.

Year Ended February 28, 2014

(In thousands)

	Exhibition			
	Management	RMS Titanic	Elimination	Total
Revenue	\$ 29,348	\$ 1,769	\$ (1,769)	\$ 29,348
Cost of revenue (exclusive of depreciation and amortization)	17,137	-	(1,769)	15,368
Gross profit	12,211	1,769	-	13,980
Operating expenses:				
General and administrative	11,567	1,194	-	12,761
Depreciation and amortization	4,097	53	-	4,150
Net gain on disposal of assets	(115)	-	-	(115)
Write-off of assets	132	666	-	798
Gain on note payable fair market value adjustment	(2,566)	-	-	(2,566)
Contract and legal settlements	(297)	-	-	(297)
Total Operating expenses	12,818	1,913	-	14,731
Loss from operations	(607)	(144)	-	(751)
Other income and (expenses)				
Interest expense	(342)	-	-	(342)
Realized losses on foreign currency transactions	(137)	-	-	(137)
Other income	289	-	-	289
Loss before income tax	(797)	(144)	-	(941)
Income tax benefit	(108)	(55)	-	(163)
Net loss	(689)	(89)	-	(778)
Less: Net loss attributable to non-controlling interest	(64)	-	-	(64)
Net income attributable to the shareholders of Premier Exhibitions, Inc.	\$ (625)	\$ (89)	\$ -	\$ (714)

Year Ended February 28, 2013

(In thousands)

	Exhibition			
	Management	RMS Titanic	Elimination	Total
Revenue	\$ 39,465	\$ 2,353	\$ (2,353)	\$ 39,465
Cost of revenue (exclusive of depreciation and amortization)	21,098	-	(2,353)	18,745
Gross profit	18,367	2,353	-	20,720
Operating expenses:				
General and administrative	13,355	1,292	-	14,647
Depreciation and amortization	3,419	106	-	3,525
Loss on disposal of assets	134	-	-	134
Contract and legal settlements	(309)	-	-	(309)
Total Operating expenses	16,599	1,398	-	17,997
Income from operations	1,768	955	-	2,723
Other income and (expenses)				
Other income	23	-	-	23
Gain on debt modification	81	-	-	81
Interest expense	(681)	-	-	(681)
Income before income tax	1,191	955	-	2,146
Income tax expense	193	86	-	279
Net income	998	869	-	1,867
Less: Net loss attributable to non-controlling interest	(83)	-	-	(83)
Net income attributable to the shareholders of Premier Exhibitions, Inc.	\$ 1,081	\$ 869	\$ -	\$ 1,950

The assets in our Exhibition Management segment include exhibitry, leasehold improvements, and other assets necessary for operation of the Company's exhibitions. The RMS Titanic segment contains all of the Titanic assets, including title to all of the recovered artifacts in the Company's possession and all related intellectual property (video, photos, maps, etc.). The Company's assets by segment are reflected in the following table (in thousands).

	As of	
	February 28, 2014	February 28, 2013
Assets:		
Exhibition Management	\$ 23,374	\$ 28,926
RMS Titanic	6,282	7,088
Corporate and unallocated	600	1,756
Total assets	\$ 30,256	\$ 37,770

Expenditures for additions to long-lived assets by segment for the year ended February 28, 2014 and February 28, 2013 are reflected in the table below (in thousands).

	February 28, 2014	February 28, 2013
Capital Expenditures:		
Exhibition Management	\$ 3,114	\$ 906
RMS Titanic	-	153
Total capital expenditures	\$ 3,114	\$ 1,059

Note 23 - Consignment agreement and RMS Titanic Sale

The Company was party to a Consignment Agreement with Guernsey's auction house to sell the Company's Titanic artifacts and related intellectual property. If and when a transaction is closed, the Company would be required to pay Guernsey's a fee of up to 8% of the sale price if a purchase agreement is entered into within 60 days of the auction deadline, and up to 4% of the sale price if a purchase agreement was entered into thereafter. The actual amount of the commission would have depended on the sale price, identity of the purchasing party and the date when the sale was closed. The obligation to pay a fee to Guernsey for a Titanic artifact sale has ended pursuant to the terms of the agreement. In addition, if a transaction to sell the Titanic artifact collection was closed, the Company may have been required to pay a Transaction Bonus to Christopher Davino, former President of RMS Titanic, Inc., dependent upon the sale price, identity of the purchasing party and the date when the sale is closed. The obligation to pay a transaction bonus to Mr. Davino has ended. In addition, the Company expects to incur other legal, accounting and investment banking expenses if and when a sale of the Titanic artifacts is completed. Prepaid fees related to the auction and professional fees related to the sale to the Consortium totaled \$666 thousand and were written-off in fiscal 2014. This write-off is included in the consolidated statements of operations as write-off of assets.

The Company's Board has authorized management to pursue other strategic alternatives. The Board is working to evaluate all options available to maximize shareholder value. The Company has retained JP Morgan Securities as its advisor to assist the Board in evaluating other strategic alternatives. There is no guarantee that a transaction or series of transactions will result from this process.

Note 24 – Subsequent Events

Arts and Exhibitions International, LLC Transactions

In March 2014, the Company paid \$300 thousand and purchased the tangible assets that were required to be returned to AEG Live, LLC at the end of the purchase agreement.

On April 17, 2014, PEM and AEG terminated the Promissory Note. As part of the termination of the Promissory Note, PEM and AEG entered into a Revenue Payment Agreement providing for modified future payments to AEG with respect to bookings of acquired exhibitions. Pursuant to the Revenue Payment Agreement, going forward PEM will make payments to AEG equal to (a) 90% of net revenues from future bookings and (b) 20% of the net revenues from proposed exhibitions acquired from AEG that are ultimately developed and presented. "Net Revenues" are determined after deduction by PEM of the direct expenses of operating the exhibitions. Pursuant to the Revenue Payment Agreement, AEG will pay to PEM a management fee of 10% of gross revenues (after deducting any booking fees) for each calendar year thereafter; provided that the management fee shall not be less than the following minimum fees: \$500,000 in calendar year 2014; and \$125,000 in calendar years 2015 and 2016.

417 Fifth Avenue - New York City, New York

On April 9, 2014, the Company entered into a 130-month lease agreement for exhibition and retail space with 417 Fifth Avenue Real Estate, LLC in New York City, New York. This lease includes approximately 51,000 square feet of space at 417 Fifth Avenue between 37th and 38th streets in the Grand Central district and is near Bryant Park, the Empire State Building and only a few blocks east of Times Square. Specific information about the exhibitions that will be opening in the space will be released at a later date. The lease commences with the completion of design and construction work estimated to be in the third fiscal quarter of 2015. Total future minimum payments under this lease are approximately \$45.8 million.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Our President and Chief Executive Officer (our principal executive officer) and our Chief Financial Officer and Chief Operating Officer (principal financial officer) evaluated our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report. Based on such evaluation, our President and Chief Executive Officer and our Chief Financial Officer and Chief Operating Officer concluded that our disclosure controls and procedures were effective as of such date.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the fourth quarter of the fiscal year covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control system was designed under the supervision of our Chief Executive Officer and our Chief Financial Officer and with the participation of management in order to provide reasonable assurance regarding the reliability of our financial reporting and our preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the U.S.

All internal control systems, no matter how well designed and tested, have inherent limitations, including, among other things, the possibility of human error, circumvention or disregard. Therefore, even those systems of internal control that have been determined to be effective can provide only reasonable assurance that the objectives of the control system are met and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision of our Chief Executive Officer and our Chief Financial Officer and with the participation of management, we conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in "Internal Control — Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on an assessment of such criteria, our management concluded that, as of February 28, 2014, we maintained effective internal control over financial reporting to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and our Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting are or will be capable of preventing or detecting all errors and all fraud. Any controls, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the controls will be met. The design of controls must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all controls, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

ITEM 9B. OTHER INFORMATION

None.

PART III**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Except as set forth below, the information required by this Item 10 is: (1) incorporated into this report by reference from our proxy statement to be issued in connection with our Annual Meeting of Shareholders under the headings "Election of Directors," "Corporate Governance" and "Section 16(a) Beneficial Ownership Reporting Compliance," which proxy statement will be filed within 120 days after our fiscal year ended February 28, 2014 and (2) as set forth under "Directors and Executive Officers" in Part I of this report.

We have adopted a Code of Ethics that applies to our principal executive officer, principal financial officer, and principal accounting officer. Our Code of Ethics also applies to all of our other employees and, as set forth therein, to our directors. Our Code of Ethics is posted on our website at www.prxi.com under the heading "The Company." We intend to satisfy any disclosure requirements pursuant to Item 5.05 of Form 8-K regarding any amendment to, or a waiver from, certain provisions of our Code of Ethics by posting such information on our website under the heading "The Company."

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 is incorporated into this report by reference from our proxy statement to be issued in connection with our Annual Meeting of Shareholders under the headings "Executive Compensation" and "Corporate Governance," which proxy statement will be filed within 120 days after our fiscal year ended February 28, 2014.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Except as set forth below, the information required by this Item 12 is incorporated into this report by reference from our proxy statement to be issued in connection with our Annual Meeting of Shareholders under the heading "Security Ownership of Certain Beneficial Owners and Management," which proxy statement will be filed within 120 days after our fiscal year ended February 28, 2014.

Securities Authorized for Issuance under Equity Compensation Plans as of February 28, 2014

<u>Plan Category</u>	<u>Number of Securities to be Issued Upon Exercise of Outstanding Options and Restricted Stock Units</u>	<u>Weighted-Average Exercise Price of Outstanding Options and Restricted Stock Units</u>	<u>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a) (2))</u>
	(a)	(b)	(c)
Equity compensation plans approved by security holders	969,702	\$ 2.34	
Equity compensation plans not approved by security holders (3)	55,000	\$ 3.25	N/A
Total	1,024,702	\$ 2.39	-

(1) Column (a) represents the number of shares of our common stock that may be issued in connection with the exercise or conversion of 306,663 outstanding stock options granted under our Amended and Restated 2004 Stock Option Plan (the "2004 Plan") and 663,039 outstanding stock options and restricted stock units granted under the 2009 Equity Incentive Plan (the "2009 Plan").

(2) Column (c) shares that may be issued under our 2009 Plan.

(3) Represents 55,000 outstanding stock option awards made to employees outside pursuant to individual employment agreements outside of our 2004 Plan and 2009 Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item 13 is incorporated into this report by reference from our proxy statement to be issued in connection with our Annual Meeting of Shareholders under the headings "Certain Relationships and Related Transactions" and "Corporate Governance," which proxy statement will be filed within 120 days after our fiscal year ended February 28, 2014.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item 14 is incorporated into this report by reference from our proxy statement to be issued in connection with our Annual Meeting of Shareholders under the heading "Ratification of Our Independent Registered Public Accounting Firm," which proxy statement will be filed within 120 days after our fiscal year ended February 28, 2014.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this report:

(a) Financial Statements.

The following financial statements of the Company are included in Item 8 of this Annual Report:

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	48
Consolidated Balance Sheets at February 28, 2014 and February 28, 2013	49
Consolidated Statements of Operations for the years ended February 28, 2014 and February 28, 2013	50
Consolidated Statements of Comprehensive Income/(Loss) for the years ended February 28, 2014 and February 28, 2013	51
Consolidated Statements of Cash Flow for the years ended February 28, 2014 and February 28, 2013	52
Consolidated Statements of Shareholders' Equity for the years ended February 28, 2014 and February 28, 2013	53
Notes to Consolidated Financial Statements	54

Valuation and Qualifying Accounts
For the Years Ended February, 28, 2014 and 2013
(in thousands)

	Balance at beginning of period	Additions		Deductions charged to reserve	Balance at end of period
		Charged to costs and expenses	Charged to other accounts		
Year ended February 28, 2014					
Allowance for doubtful accounts - accounts receivable	\$ 325	\$ 67	\$ -	\$ -	\$ 392
Year ended February 28, 2013					
Allowance for doubtful accounts - accounts receivable	\$ 311	\$ 14	\$ -	\$ -	\$ 325

(b) See Index to Exhibits.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Premier Exhibitions, Inc.

By: /s/ Samuel S. Weiser Dated: May 28, 2014
Samuel S. Weiser
President and Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

/s/ Samuel S. Weiser May 28, 2014
Samuel S. Weiser, President and Chief
Executive Officer (Principal Executive
Officer)

/s/ Michael J. Little May 28, 2014
Michael J. Little, Principal Financial
Officer and Principal Accounting Officer

/s/ William M. Adams May 28, 2014
William M. Adams, Director

/s/ Douglas Banker May 28, 2014
Douglas Banker, Director

/s/ Ronald C. Bernard May 28, 2014
Ronald C. Bernard, Director

/s/ Mark A. Sellers, III May 28, 2014
Mark A. Sellers, III
Chairman of the Board of Directors

/s/ Bruce D. Steinberg May 28, 2014
Bruce D. Steinberg, Director

INDEX TO EXHIBITS

Exhibit No.	Exhibit Description	Filed Herewith	Incorporated by Reference		
			Form	Exhibit	Filing Date
2.1	Purchase Agreement		8-K	2.1	04-25-12
2.2	Promissory Note		8-K	2.2	04-25-12
3.1	Articles of Incorporation (Commission File Number 000-24452)		8-K	3.1	10-20-04
3.2	Amendment to Articles of Incorporation		SB-2	3.2	01-05-06
3.3	Second Amendment to Articles of Incorporation		S-8	4.3	08-17-09
3.4	Amended and Restated Bylaws, dated October 18, 2012		8-K	3.1	10-19-12
4.1	Form of Common Stock Certificate (Commission File Number 000-24452)		8-K/A	4.1	11-01-04
10.1	Form of Exhibition Tour Agreement between the Company and Dr. Hong-Jin Sui and Dr. Shuyan Wang President of Dalian Hoffen Bio Technique Company Limited		10-K	10.29	06-01-06
10.2	Option Agreement, dated February 28, 2007, between the Company and Seaventures, Ltd.		8-K	99.2	03-02-07
10.3	Purchase and Sale Agreement, dated February 28, 2007, between the Company and Seaventures, Ltd.		8-K	99.1	03-02-07
10.4	Memorandum Opinion and Order of the United States District Court of the Eastern District of Virginia, Norfolk Division, issued on October 16, 2007		8-K	99.2	10-30-07
10.5	License Agreement, dated March 13, 2008, between the Company and Sports Immortals, Inc.		10-K	10.23	05-07-08
10.6	Lease Agreement, dated March 12, 2008, between the Company and Ramparts, Inc.		10-K	10.24	05-07-08
10.7	Premier Exhibitions/Live Nations Agreement, dated November 28, 2007, by and between the Company, Live Nation, Inc. and JAM Exhibitions, LLC		8-K	99.2	12-04-08
10.8	First Amendment to Premier Exhibitions/Live Nation Agreement, dated November 29, 2008, by and among JAM Exhibitions, LLC, Soon To Be Named Corporation, as successor in interest to Live Nation, Inc., and the Company		8-K	99.1	12-04-08
10.9	Indemnification Agreement, dated December 17, 2008, between the Company and Douglas Banker		8-K	99.1	12-19-08
10.10	Indemnification Agreement, dated December 17, 2008, between the Company and N. Nick Cretan		8-K	99.2	12-19-08
10.11	Indemnification Agreement, dated December 17, 2008, between the Company and Alan Reed		8-K	99.3	12-19-08
10.12	Asset Purchase Agreement, dated December 29, 2008, between Premier Merchandising, LLC and Dreamer Media, LLC		8-K	99.1	01-05-09
10.13	Promissory Note, dated December 29, 2008, between Dreamer Media, LLC, as maker, and Premier Merchandising, LLC, as payee		8-K	99.2	01-05-09

Exhibit No.	Exhibit Description	Filed Herewith	Incorporated by Reference		
			Form	Exhibit	Filing Date
10.14#	Premier Exhibitions, Inc. 2000 Stock Option Plan and Form of Stock Option Agreement (Commission File Number 000-24452)		8-K	10.1	10-20-04
10.15#	Premier Exhibitions, Inc. 2004 Stock Option Plan and Form of Stock Option Agreement (Commission File Number 000-24452)		8-K	10.2	10-20-04
10.16#	Amended and Restated Premier Exhibitions, Inc. 2004 Stock Option Plan		Proxy	App. A	06-28-06
10.17#	Employment Agreement, effective as of January 28, 2009, between the Company and Christopher J. Davino		8-K	10.1	04-24-09
10.18#	Amended and Restated Premier Exhibitions, Inc. 2007 Restricted Stock Plan		8-K	10.1	04-29-09
10.19#	Form of 2009 Non-Employee Director Restricted Stock Unit Grant Notice Under the Amended and Restated Premier Exhibitions, Inc. 2007 Restricted Stock Plan		8-K	10.2	04-29-09
10.20	Amendment to Exhibitions Rights Agreement (Europe) and Premier Exhibitions / Live Nation Agreement, dated April 1, 2009, by and among S2BN, f/k/a Soon To Be Named Corporation, the Company and JAM Exhibitions, LLC		10-K	10.41†	05-27-09
10.21	Convertible Note Purchase Agreement, dated May 6, 2009, by and between Premier Exhibitions, Inc. and Sellers Capital Master Fund, Ltd.		8-K	10.1	05-13-09
10.22	Letter Agreement dated May 6, 2009, by and between Premier Exhibitions, Inc. and Sellers Capital Master Fund, Ltd.		8-K	10.2	05-13-09
10.23	Form of Convertible Note issued by Premier Exhibitions, Inc. to Sellers Capital Master Fund, Ltd.		8-K	10.3	05-13-09
10.24	Form of Warrant issued by Premier Exhibitions, Inc. to Sellers Capital Master Fund, Ltd.		8-K	10.4	05-13-09
10.25	Form of Registration Rights Agreement by and between Premier Exhibitions, Inc. and Sellers Capital Master Fund, Ltd.		8-K	10.4	05-13-09
10.26#	Consulting Agreement, dated February 2, 2009, by and among Premier Exhibitions, Inc., Foxdale Management, LLC and Samuel S. Weiser		10-Q	10.6	07-10-09
10.27#	Premier Exhibitions, Inc. 2009 Equity Incentive Plan		S-8	10.1	08-17-09
10.28#	Form of Premier Exhibitions, Inc. 2009 Equity Incentive Plan Nonqualified Stock Option Agreement		S-8	10.2	08-17-09
10.29#	Form of Premier Exhibitions, Inc. 2009 Equity Incentive Plan Restricted Shares Agreement		S-8	10.3	08-17-09
10.30#	Employment Agreement, dated September 3, 2009, by and between the Company and Christopher J. Davino		8-K	10.1	09-08-09
10.31#	Nonqualified Stock Option Agreement, dated September 3, 2009, by and between the Company and Christopher J. Davino		8-K	10.2	09-08-09
10.32#	Letter Agreement, entered into as of September 25, 2009, by and between the Company and S2BN Entertainment Corporation		8-K	10.1	10-01-09

Exhibit No.	Exhibit Description	Filed Herewith	Incorporated by Reference		
			Form	Exhibit	Filing Date
10.33#	Employment Agreement, dated June 2009, by and between the Company and John A. Stone		10-Q	10.6	10.13.09
10.34#	Restricted Shares Agreement, dated August 6, 2009, by and between the Company and John A. Stone		10-Q	10.7	10-13-09
10.35#	Consulting Agreement, dated October 8, 2009, by and between the Company and Douglas Banker		10-Q	10.8	10-13-09
10.36#	Form of Premier Exhibitions, Inc. 2009 Equity Incentive Plan Non-Employee Director Restricted Stock Unit Grant Notice		10-K	10.46	05-14-10
10.37#	Employment Agreement, dated May 11, 2010, by and between the Company and Kris Hart		8-K	10.1	05-13-10
10.38#	Amended Employment Agreement, dated May 11, 2010, by and between the Company and Robert A. Brandon		8-K	10.2	05-13-10
10.39	Optical Services Agreement between RMS Titanic, Inc. and Woods Hole Oceanographic Institution, dated July 30, 2010		8-K	10.1	08-05-10
10.40	Charter Agreement between RMS Titanic, Inc. and Hays Ships Limited, dated August 19, 2010		8-K	10.1	08-25-10
10.41#	Premier Exhibitions, Inc. Annual Incentive Plan		8-K	10.1	11-23-10
10.42#	Separation and Release Agreement, dated January 19, 2011, by and between Premier Exhibitions, Inc. and John A. Stone		8-K	10.1	01-25-11
10.43	Purchase Agreement dated October 31, 2011, by and between Premier Exhibitions, Inc. and Lincoln Park Capital Fund, LLC		8-K	10.1	05-24-11
10.44	Registration Rights Agreement dated October 31, 2011, by and between Premier Exhibitions, Inc. and Lincoln Park Capital Fund, LLC		8-K	10.2	05-24-11
10.45	Form of Common Stock Purchase Warrant, by and between Premier Exhibitions, Inc. and Lincoln Park Capital Fund, LLC		8-K	10.3	05-24-11
10.46	Asset Purchase Agreement between Premier Exhibitions, Inc. Worldwide Licensing & Merchandising, Inc. and G. Michael Harris, dated October 17, 2001		8-K	10.1	10-20-11
10.47	Assignment of and Second Amendment to Lease between Premier Exhibitions, Inc., George F. Eyde Orlando, LLC and Louis J. Eyde Orlando, LLC, and Worldwide Licensing & Merchandising, Inc. dated October 17, 2011		8-K	10.2	10-20-11
10.48	Industrial Lease Agreement, Dated October 12, 2011, by and between Premier Exhibitions, Inc. and Selig Enterprises, Inc.		10-Q/A	10.1	12-09-11
10.49	Consignment Agreement between Premier Exhibitions, Inc., RMS Titanic, Inc. and Guernsey's, a Division of Barlan Enterprises, Ltd., dated December 20 2011		8-K	10.1	12-23-11
10.50#	Employment Agreement, effective June 27, 2011, by and between the Company and Michael J. Little		8-K	10.1	06-23-11
10.51#	Form of Nonqualified Stock Option Agreement between the Company and Michael J. Little		8-K	10.2	06-23-11

Exhibit No.	Exhibit Description	Filed Herewith	Incorporated by Reference		
			Form	Exhibit	Filing Date
10.52#	Employment Agreement, dated February 14, 2012, by and between the Company and Robert Brandon		8-K	10.1	02-17-12
10.53#	Employment Agreement, effective June 29, 2012, by and between the Company and Samuel S. Weiser		8-K	10.1	07-03-12
10.54#	Stock Appreciation Rights Agreement, by and between the Company and Samuel S. Weiser, dated June 29, 2012		8-K	10.2	07-03-12
10.55#	Restricted Stock Unit Agreement, by and between the Company and Samuel S. Weiser, dated June 29, 2012		8-K	10.3	07-03-12
10.56#	Employment Agreement, effective June 25, 2012, by and between the Arts and Exhibitions International, LLC and John Norman		8-K	10.4	07-03-12
10.57#	Premier Exhibitions, Inc. 2009 Equity Incentive Plan, as amended		14A	14A	06-28-12
10.58#	Form of Premier Exhibitions, Inc. 2009 Equity Incentive Plan Nonqualified Stock Option Agreement		10-Q	10.2	10-15-12
10.59#	Form of Premier Exhibitions, Inc. 2009 Equity Incentive Plan Restricted Shares Agreement		10-Q	10.3	10-15-12
10.60#	Form of 2012 Non-Employee Director Restricted Stock Unit Award Agreement Under the 2009 Premier Exhibitions, Inc. Equity Incentive Plan, as amended		10-Q	10.1	01-10-13
10.61	First Modification Agreement of Exhibition Tour Agreement Ex 2006A between Premier Exhibitions, Inc. and Dalian Hoffen Biotechnique Co. Ltd. dated February 21, 2013		8-K	10.1	02-27-13
10.62	Second Modification Agreement of Exhibition Tour Agreement Ex 2006B between Premier Exhibitions, Inc. and Dalian Hoffen Biotechnique Co. Ltd. dated February 21, 2013		8-K	10.2	02-27-13
10.63#	First Amendment to Employment Agreement, effective June 12, 2013, by and between the Company and Samuel S. Weiser.		8-K	10.1	06-17-13
10.64#	First Amendment to Employment Agreement, effective June 12, 2013, by and between the Company and Michael J. Little.		8-K	10.2	06-17-13
10.65#	Form of Nonqualified Stock Option Agreement		8-K	10.3	06-17-13
10.66	Joint Production Agreement between Premier Merchandising, LLC and TSX Operating Company dated October 16, 2013		8-K	10.1	10-22-13
10.67#	Form of 2014 Non-Employee Director Restricted Stock Unit Grant Notice Under the Premier Exhibitions, Inc. Equity Incentive Plan		8-K	10.2	11-20-13
10.68	Third Amendment to Lease between Premier Exhibitions, Inc., George F. Eyde Orlando, LLC and Louis J. Eyde Orlando, LLC, and Worldwide Licensing & Merchandising, Inc. dated October 17, 2011	X			
10.69	Revenue Payment Agreement between AEG Live LLC and Premier Exhibition Management, LLC		8-K	10.1	04-23-14
14.1	Premier Exhibitions, Inc. Code of Ethics		10-K	14.1	05-14-10

Exhibit No.	Exhibit Description	Filed Herewith	Incorporated by Reference		
			Form	Exhibit	Filing Date
21.1	Subsidiaries of the Company	X			
23.1	Consent of Cherry Bekaert LLP	X			
31.1	Certification of President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
31.2	Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
32.1	Certification of President and Chief Executive Officer, and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X			
99.1	Audited carve-out financial statements of Arts and Exhibition, International as of December 31, 2011 and 2010 and for the years ended December 31, 2011 and 2010 and the accompanying notes thereto		8-K/A	99.1	05-23-13
99.2	Unaudited proforma condensed combined financial statements as of February 29, 2012 and for the year ended February 29, 2012 and the accompanying Notes thereto		8-K/A	99.2	05-23-13
101.INS	XBRL Instance Document	X			
101.SCH	XBRL Taxonomy Extension Schema	X			
101.CAL	XBRL Extension Calculation Linkbase	X			
101.DEF	XBRL Taxonomy Extension Definition Linkbase	X			
101.LAB	XBRL Taxonomy Extension Label Linkbase	X			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	X			

Management contract or compensatory plan or arrangement.

† The Company has requested confidential treatment of certain information contained in this Exhibit. Such information has been filed separately with the Securities and Exchange Commission pursuant to an application by the Company for confidential treatment under 17 C.F.R. §200.80(b)(4) and §240.24b-2.

* Schedules to this exhibit omitted pursuant to Item 601 (b)(2) Regulation S-K. The Company agrees to furnish a copy of any omitted schedules to the Securities and Exchange Commission upon request.

THIRD AMENDMENT TO LEASE

THIS THIRD AMENDMENT TO LEASE (“**Amendment**”) is entered into by and among **Premier Exhibitions, Inc.**, a Florida corporation (“**Assignee**”) and **George F. Eyde Orlando, LLC**, a Michigan limited liability company, and **Louis J. Eyde Orlando, LLC**, a Michigan limited liability company (collectively, “**Landlord**”).

WHEREAS, Landlord and Worldwide Licensing & Merchandising, Inc., a Florida corporation (“**Assignor**”) entered into that certain Lease dated August 22, 2008, as amended by that certain First Amendment to Lease dated January 29, 2010, (as amended, the “**Lease**”) the term of which commenced on January 1, 2009, regarding that certain space consisting of approximately 19,726 square feet, located at 7316, 7324, and 7324-A International Drive, Orlando, Florida 32819, as more particularly described in the Lease (the “**Premises**”);

WHEREAS, the parties effected an assignment of the Lease and all rights and obligations pertaining to the Premises from Assignor to Assignee, pursuant to an Assignment and Second Amendment to the Lease, dated October 14, 2011, (together with the Lease, the “**Amended Lease**”); and

WHEREAS, the parties also desire to further revise the terms of the Amended Lease as set forth herein;

NOW, THEREFORE, for Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Incorporation of Recitals.** The foregoing recitals are true and correct and shall be incorporated into this Amendment by this reference.

2. **Capitalized Terms.** Unless otherwise expressly defined herein, capitalized terms used in this Amendment shall have the meanings ascribed to such terms in the Lease.

3. **Lease Term.**

- (a) **Early Termination.** Assignee shall have a one-time right to terminate the Lease early, effective June 30, 2015, by giving Landlord written notice of such election no later than January 31, 2015, which notice shall be accompanied by the payment of the \$200,000.00 otherwise owed on December 1, 2015 pursuant to Section 9(iii) of the Assignment and Second Amendment to the Lease. The parties acknowledge and agree that Assignee did not and will not exercise its one-time right to terminate the Lease effective June 30, 2014, and that such termination right shall be replaced by the termination right provided herein.

4. **Survival of Lease.** It is expressly understood and agreed, that in all other respects the Amended Lease is ratified and reaffirmed and that all of the terms and conditions which have been amended or otherwise modified herein will remain and are in full force and effect in every respect. This Amendment will bind the heirs, administrators, successors and assigns of the respective parties.

5. **Counterparts.** This Amendment may be executed in multiple counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute one and the same Amendment. Photostatic, PDF or facsimile copies of this Amendment fully executed shall be deemed an original for all purposes, and the parties hereto waive the "best evidence" rule or any similar law or rule in any proceeding in which this Amendment shall be presented as evidence.

IN WITNESS WHEREOF, Assignee and Landlord have caused this Third Amendment to Lease to be executed as of the dates set forth below.

In Witness Whereof, Owner and Tenant have respectively signed and sealed this lease as of the day and year first below written.

ASSIGNEE:
Premier Exhibitions, Inc.,
a Florida corporation

By: /s/ Michael J. Little
Michael J. Little
Chief Financial Officer and Chief Operating
Officer

Date: January 24, 2014

LANDLORD:
George F. Eyde Orlando, LLC,

By: George F. Eyde Family, LLC, a Michigan limited liability company, successor by conversion to George F. Eyde Limited Family Partnership, a Michigan limited partnership,

By: GEORGE F. EYDE MANAGER, LLC, a Michigan limited liability company, its Sole Manager

By: /s/ George F. Eyde
George F. Eyde, CEO

Date: January 24, 2014

LANDLORD:
Louis J. Eyde Orlando, LLC,

By: LOUIS J. EYDE FAMILY, LLC, a Michigan limited liability company, successor by conversion to Louis J. Eyde Limited Family Partnership

By: LOUIS J. EYDE MANAGER, LLC, a Michigan limited liability company, its Sole Manager

By: /s/ Louis J. Eyde
Louis J. Eyde, CEO

Date: January 24, 2014

Subsidiaries of the Registrant

Exhibit 21.1

Wholly-owned subsidiaries of Premier Exhibitions, Inc. as of February 28, 2014:

Name	Jurisdiction of Organization
RMS Titanic, Inc.	Florida
R.M.S. Titanic (UK) Ltd.	United Kingdom
Premier (United Kingdom) Ltd.	United Kingdom
Exhibitions International, LLC	Nevada
Premier Exhibition Management LLC	Florida
Arts and Exhibitions International, LLC	Florida
Premier Exhibitions International, LLC.	Delaware
Premier Exhibitions NYC, Inc.	Nevada
Premier Merchandising, LLC	Delaware
WWD JV 2013, LLC	Delaware
Premier Sports Exhibitions, LLC	Delaware
Premier Vision, LLC	Delaware
Premier Exhibitions International Operations B.V.	Netherlands
PRXI International Holdings C.V.	Netherlands

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-184554, 333-161389, 333-140477 and 333-138534 on Form S-8 and No. 333-148756 and 333-177914 on Form S-3 of our report dated May 28, 2014, relating to the consolidated financial statements and consolidated financial statement schedule of Premier Exhibitions, Inc. and Subsidiaries, appearing in this Annual Report on Form 10-K of Premier Exhibitions, Inc. for the year ended February 28, 2014.

/s/ Cherry Bekaert LLP

Atlanta, Georgia
May 28, 2014

Rule 13a-14(a) / 15d-14(a)
Certification of President and Chief Executive Officer

I, Samuel S. Weiser, certify that:

1. I have reviewed this Annual Report on Form 10-K of Premier Exhibitions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 28, 2014

/s/ Samuel S. Weiser _____
Samuel S. Weiser
President and Chief Executive Officer
(Principal Executive Officer)

Rule 13a-14(a) / 15d-14(a)
Certification of Chief Financial Officer

I, Michael J. Little, certify that:

1. I have reviewed this Annual Report on Form 10-K of Premier Exhibitions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 28, 2014

/s/ Michael J. Little

Michael J. Little
Chief Financial Officer and Chief Operating
Officer (Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Premier Exhibitions, Inc. (the "Company") on Form 10-K for the fiscal year ended February 28, 2014 as filed with the Securities and Exchange Commission on May 28, 2014, (the "Report"), each of the undersigned officers hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), that, to such officer's knowledge:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Samuel S. Weiser

Samuel S. Weiser
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Michael J. Little

Michael J. Little
Chief Financial Officer and Chief Operating
Officer (Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.