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

FORM 8-K

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

Date of Report (Date of earliest event reported): August 8, 2019

GLOBAL EAGLE ENTERTAINMENT INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-35176
(Commission
File Number)

27-4757800
(IRS Employer
Identification No.)

6080 Center Drive, Suite 1200, Los Angeles, California 90045
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (310) 437-6000

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common stock, \$0.0001 par value	ENT	The Nasdaq Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On August 8, 2019, Global Eagle Entertainment Inc. (the “Company” or “we”) issued a press release (the “Press Release”) announcing its unaudited financial results for the second quarter ended June 30, 2019. We have furnished a copy of the Press Release as Exhibit 99.1 to this Current Report on Form 8-K.

Also on August 8, 2019, the Company will conduct a webcast to discuss the results of operations for the same period. We have provided the webcast details in the Press Release.

The information in this Item 2.02 and Exhibit 99.1 attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On June 24, 2019, the Company’s Board of Directors (the “Board”) appointed R. Jason Everett to serve as the Company’s Vice President and Chief Accounting Officer effective one day following the date the Company files its Quarterly Report on Form 10-Q for the quarter ended June 30, 2019.

Mr. Everett, age 44, previously served as Vice President, Corporate Controller and Treasurer at Webroot Inc. from June 2017 to July 2019. He also served as Vice President and Global Controller at Ciber, Inc. from September 2015 to June 2017. Prior to that, he held two roles at Newmont Mining Corporation (NYSE: NEM) between April 2013 and August 2015: Director of Financial Reporting and Technical Accounting and Director of Corporate Accounting. Earlier in his career, Mr. Everett held several senior management positions at various companies from 1996 to 2013. He has a BS in Accounting from Mount Saint Mary’s University, an MBA from University of Denver’s Daniels College of Business and is a Certified Public Accountant.

Everett Employment Letter Agreement

Pursuant to an employment letter agreement (the “Employment Agreement”) between the Company and Mr. Everett, Mr. Everett’s employment commenced on July 29, 2019 (“Employment Commencement Date”).

The Employment Agreement provides for the following:

- *Initial Annual Base Salary.* Mr. Everett will receive an initial annual base salary of \$250,000
- *Annual Cash Bonus Target.* Mr. Everett will be eligible for an annual performance bonus under the Company’s Annual Incentive Plan with an initial target of 50% of his annual base salary.
- *Relocation Allowance.* Mr. Everett will initially perform his employment duties at the Company’s offices in Los Angeles, California and will receive a relocation allowance (the “Relocation Allowance”). However, if Mr. Everett resigns for any reason prior to the one-year anniversary of the payment date of the Relocation Allowance, he has agreed to repay the Relocation Allowance in full.
- *Initial Equity Grants.* Mr. Everett will receive the following initial equity awards:
 - *RSUs.* 83,333 “time-vesting” restricted stock units representing shares of the Company’s common stock (the “RSU Award”). The RSU Award will vest as follows: (i) 50% of the RSU Award vesting on the second anniversary of the vesting commencement date, (ii) 25% of the RSU Award vesting on the third anniversary of the vesting commencement date, and (iii) 25% vesting on the fourth anniversary of the vesting commencement date (subject to continuous employment through each vesting date).

- *PSUs.* 41,667 time-vesting and “performance-based” restricted stock units representing shares of the Company’s common stock (the “PSU Award”). The PSU Award will vest as follows: (i) 50% of the PSU Award vesting on the second anniversary of the vesting commencement date, (ii) 25% of the PSU Award vesting on the third anniversary of the vesting commencement date, and (iii) 25% vesting on the fourth anniversary of the vesting commencement date (subject to continuous employment through each vesting date). The vesting of the PSU Award is further subject to the Company’s common stock achieving an average volume-weighted average price per share (“VWAP”) equal to or exceeding \$4.00 for 45 consecutive trading days at any time on or prior to the fifth anniversary of the date the compensation committee of the Board (the “Compensation Committee”) granted the PSU Award.
 - *\$4 Goal Stock Options.* 54,975 cash-settled stock options (“\$4 Goal Stock Options”) representing the right to receive a cash payment on the exercise date equal to the value of a share of the Company’s common stock on the exercise date less the exercise price, multiplied by the number of shares for which the \$4 Goal Stock Options are being exercised. The \$4 Goal Stock Options will vest as follows: (i) 50% on the second anniversary of the vesting commencement date, (ii) 25% on the third anniversary of the vesting commencement date, and (iii) 25% on the fourth anniversary of the vesting commencement date (subject to continuous employment through each vesting date). The vesting of the \$4 Goal Stock Options is further subject to the Company’s common stock achieving a VWAP equal to or exceeding \$4.00 for 45 consecutive trading days at any time on or prior to the fifth anniversary of the date the Compensation Committee granted the \$4 Goal Stock Options.
 - *\$8 Goal Stock Options.* 109,951 cash-settled stock options (“\$8 Goal Stock Options”) representing the right to receive a cash payment on the exercise date equal to the value of a share of the Company’s common stock on the exercise date less the exercise price, multiplied by the number of shares for which the \$8 Goal Stock Options are being exercised. The \$8 Goal Stock Options will vest as follows: (i) 50% on the second anniversary of the vesting commencement date; and (ii) 50% on the third anniversary of the vesting commencement date (subject to continuous employment through each vesting date). The vesting of the \$8 Goal Stock Options is further subject to the Company’s common stock achieving a VWAP equal to or exceeding \$8.00 for 45 consecutive trading days at any time on or prior to the seventh anniversary of the date the Compensation Committee granted the \$8 Goal Stock Options.
- The exercise price per share for the \$4 Stock Options and \$8 Stock Options is the per-share Nasdaq closing price on the date the Compensation Committee granted the awards.
- *Change in Control and Severance Benefits.* Mr. Everett will be eligible to participate in the Company’s Change in Control and Severance Plan for Senior Management as a “Tier III” participant thereunder.

We qualify the foregoing summary of the Employment Agreement by reference to the full text of the Employment Agreement, a copy of which is filed as Exhibit 10.1 attached hereto and incorporated by reference herein.

Mr. Everett will become a party to a customary indemnity agreement that the Company enters into with its directors and executive officers. Except for the foregoing agreements, there are no arrangements or understandings between Mr. Everett and the Company or any other person pursuant to which he was appointed as its Chief Accounting Officer. There are no family relationships between Mr. Everett and any director or executive officer of the Company or any person that the Company has nominated or chosen to become a director or executive officer. There are also no transactions requiring disclosure under Item 404(a) of Regulation S-K in which Mr. Everett has an interest.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	Employment Agreement
99.1	Press Release.

SIGNATURE

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

GLOBAL EAGLE ENTERTAINMENT INC.

By: /s/ Christian Mezger
Name: Christian Mezger
Title: Chief Financial Officer

Dated: August 8, 2019



6080 CENTER DRIVE, SUITE 1200
LOS ANGELES, CA 90045

June 7, 2019

R. Jason Everett
7845 S. Fairfax Ct.
Centennial, CO 80122

Re: Offer of Employment

Dear Jason:

Global Eagle Entertainment Inc. (the "**Company**") is pleased to offer you employment on the following terms:

1. **Position.** You will be hired into a grade 13 (exempt status) and, subject to Paragraph 2 below, your initial title will be Vice President and Chief Accounting Officer in the Company's Finance Department. You will initially report to the Company's Executive Vice President and Chief Financial Officer.
2. **Commencement Date.** Your anticipated commencement date for employment is July 29, 2019 (the "**Commencement Date**") and you shall assume the title of Vice President and Chief Accounting Officer one day following the date the Company files its Quarterly Report on Form 10-Q for the three months ended June 30, 2019. Notwithstanding anything to the contrary herein, the Company's offer of employment and the terms and conditions of such employment contained in this agreement are subject to the approval of the Compensation Committee of the Company's Board of Directors
3. **Location.** You shall initially perform your employment duties at the Company's offices in Los Angeles, California.
4. **Base Salary.** Your initial base salary will be a rate of \$250,000.00 per year ("**Base Salary**"), payable in accordance with the Company's standard payroll schedule from time to time and subject to all tax withholdings.
5. **Relocation Expenses.** The Company shall provide you a relocation allowance (the "**Relocation Allowance**") subject to the Company's customary relocation policies in connection with the relocation of your permanent residence. If you resign for any reason prior to the one-year anniversary of payment of the Relocation Allowance, you agree to repay the Relocation Allowance in full.

6. **Employee Benefits.** You will be eligible to participate in customary employee benefit plans and programs made generally available by the Company to its employees from time to time. The Company reserves the right to add, terminate and/or amend any employee benefit plans, policies, programs and/or arrangements from time to time without notice or consideration paid to you.

7. **Annual Bonus.** You will be eligible for an annual performance bonus under the Company's Annual Incentive Plan (as in effect from time to time) with an initial target of 50% of your Base Salary (the "**Annual Bonus**") (but prorated for the 2019 performance year based on the number of full months elapsed in 2019 after your Commencement Date). Your actual Annual Bonus will however be subject to the achievement of individual and Company performance metrics to be established by the Company for you from time to time, and the final calculation and bonus determination (including determination of achievement of performance objectives) will be in the sole discretion of the Company. The Company typically pays its Annual Bonuses in March following each performance-year end, e.g., in March 2020 for the 2019 performance year, but the Company will determine the actual date of payment in its sole discretion. You must be employed on the payment date to receive any Annual Bonus, and if you are not employed for any reason on the payment date (subject to the terms of any severance plan in which you then participate), then you will not be entitled to any Annual Bonus or any portion of it.

8. **Initial Equity Incentive.** Subject to the approval of the Compensation Committee of the Company's Board of Directors, you will receive an initial equity award package consisting of the following:

A. Time-Vesting Restricted Stock Units

You will receive an award of 83,333 Restricted Stock Units ("RSUs"). The RSUs—each of which represents a share of our Common Stock—will generally vest as follows:

(i) 50% on the second anniversary of your vesting commencement date, (ii) 25% on the third anniversary of your vesting commencement date and (iii) 25% on the fourth anniversary of your vesting commencement date, subject to your continuous employment through each applicable vesting date.

B. Performance Share Units

You will receive an award of 41,667 Performance Stock Units ("PSUs"). The PSUs—each of which represents a share of our Common Stock—will have both time- and performance- based vesting conditions and will generally vest as follows:

(i) 50% on the second anniversary of your vesting commencement date, (ii) 25% on the third anniversary of your vesting commencement date and (iii) 25% on the fourth anniversary of your vesting commencement date, subject to your continuous employment through each applicable vesting date. The vesting of the PSUs is further subject to our Common Stock achieving an average volume-weighted average price per share ("VWAP") equal to or exceeding \$4.00 for 45 consecutive trading days at any time on or prior to the fifth anniversary of the date our Compensation Committee grants your award.

C. \$4 Goal Stock Options

You will receive an award of 54,975 cash-settled stock options (“\$4 Goal Stock Options”). These \$4 Goal Stock Options—which have bothtime- and performance-based vesting conditions—represent your right to receive a cash payment on the exercise date equal to the value of a share of our Common Stock on the exercise date less the exercise price, multiplied by the number of shares for which the \$4 Goal Stock Options are being exercised. These \$4 Goal Stock Options have a five-year term and will generally vest and become exercisable as follows:

(i) 50% will vest on the second anniversary of your vesting commencement date, (ii) 25% will vest on the third anniversary of your vesting commencement date and (iii) 25% will vest on the fourth anniversary of your vesting commencement date, subject to your continuous employment through each applicable vesting date. The vesting of the \$4 Goal Stock Options is further subject to our Common Stock achieving a VWAP equal to or exceeding \$4.00 for 45 consecutive trading days at any time on or prior to the fifth anniversary of the date our Compensation Committee grants your award.

D. \$8 Goal Stock Options

You will receive an award of 109,951 cash-settled stock options (“\$8 Goal Stock Options”). These \$8 Goal Stock Options—which have bothtime- and performance-based vesting conditions—represent your right to receive a cash payment on the exercise date equal to the value of a share of our Common Stock on the exercise date less the exercise price, multiplied by the number of shares for which the stock options are being exercised. These \$8 Goal Stock Options have a seven-year term and will generally vest and become exercisable as follows:

(i) 50% will vest on the second anniversary of your vesting commencement date, and (ii) 50% will vest on the third anniversary of your vesting commencement date, subject to your continuous employment through each applicable vesting date. The vesting of the \$8 Goal Stock Options is further subject to our Common Stock achieving a VWAP equal to or exceeding \$8.00 for 45 consecutive trading days at any time on or prior to the seventh anniversary of the date our Compensation Committee grants your award.

For all Stock Options, the exercise price per share will be equal to our per-share Nasdaq closing price on the date that our Compensation Committee grants your award. If the Committee approves your award prior to your Commencement Date, the “grant date” for purposes of your awards shall be your Commencement Date.

In addition, note that although we currently intend to “net settle” the Stock Options in cash (as outlined above), we may later decide to settle all or a portion of them in shares of our Common Stock.

All equity grants, including the RSUs, PSUs and Stock Options, are subject to the terms and conditions (including relating to vesting) applicable thereto under the Company’s equity incentive plan and your actual equity award agreement(s).

9 . **Change in Control and Severance Protection.** You will participate in the Company’s Change in Control and Severance Plan for Senior Management (as amended from time to time), as a “Tier III participant” thereunder.

10 . **Clawback.** Notwithstanding any other provision in this agreement to the contrary, any incentive-based compensation or any other compensation paid to you pursuant to the agreement or any other agreement or arrangement with the Company or any of its subsidiaries from time to time shall be subject to recovery or deductions as may be required under any law, government regulation, stock exchange listing requirement or policy adopted by the Board from time to time, including the Policy Regarding Recoupment of Certain Executive Incentive-Based Compensation adopted by the Board on September 18, 2017, or as determined by the Board pursuant to such law, government regulation, stock exchange listing requirement, or Board policy.

11 . **Outside Activities.** While you render services to the Company, you agree that you will not engage in any other directorships, employment, consulting or other business activity without the Company’s prior written consent. While you render services to the Company, you will not assist any person or entity in competing with the Company, in preparing to compete with the Company or in hiring any employees or consultants of the Company.

12 . **Temporary Living Allowance (TLA).** The Company will pay you an allowance of \$357 per day (*i.e.*, the IRS per diem rate) to cover your housing/hotel, food and transportation for each working day that you are in the Company’s Los Angeles, California offices, until the earlier of (i) the 12-month anniversary of the Commencement Date and (ii) the date on which you establish a primary residence in a location to be designated by the Company. The Company’s expectation is that you will work from its Los Angeles office from Monday through Friday each week until it determines otherwise.

13. **Expense Reimbursement.** In accordance with the Company's travel and expense-reimbursement policies, the Company shall reimburse you for all travel required in connection with the performance of your services (including your weekly airfare to and from Los Angeles during your first year of employment with the Company). The Company will also reimburse other out-of-pocket business expenses reasonably incurred by you, beyond those covered by TLA, in the performance of your services hereunder during the term of your employment. All reimbursable expenses shall be appropriately documented in reasonable detail by you upon submission of any request for reimbursement, and in a format and manner consistent with the Company's expense reporting policies and procedures, as well as applicable federal and state tax record-keeping requirements.

14. **Indemnification.** You will be entitled to customary indemnification for executive officers of the Company pursuant to terms of an indemnity agreement to be entered into between you and the Company.

15. **Drug Testing and Background Check.** You must undergo a drug test for illegal use of drugs within 72 hours of your acceptance of this agreement. This test (and satisfactory results on it) is a condition precedent to your employment with the Company, even if you commence employment prior to our receiving the results of that test. If you refuse to submit to the test for any reason or test positive for illegal drug use without sufficient explanation (as determined by an independent medical review officer), then the Company may rescind this Agreement and the offer of employment in its discretion without liability. You also authorize the Company to conduct a background check prior to your Commencement Date, and this check (and satisfactory results on it) is also a condition precedent to your employment with the Company. This check will include a criminal investigation and verification of citizenship/immigration status, employment history and education. It also may include a credit check if we determine that to be appropriate. You will receive additional written disclosure(s) of the background check and credit check and a written authorization form for your completion. You hereby consent to the foregoing drug test and background checks, and waive all claims that you may have against the Company and its employees, representatives and vendors for invasion of your privacy or under any other legal theory or statute in respect thereof.

16. **Employment Relationship.** Your employment with the Company will be "at will," meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. If you decide to resign from your employment, we will consider your notice of resignation effective only when delivered in writing to your manager.

17. **Restrictive Covenant Agreement.** As a condition to your employment with the Company, you are required to concurrently enter into an Employee Statement and Agreements Regarding Confidentiality, Proprietary Information, Invention Assignment and Non-Solicitation (the "**Restrictive Covenant Agreement**"), which is attached hereto as Attachment A.

18. **Employee Representations, Warranties and Covenants; Company Policies.** You represent and warrant that you have no contractual commitments or other legal obligations or restrictions (including to a current or prior employer) that would prohibit or impair you from performing your duties for the Company. You agree not to violate any confidentiality, restrictive covenant (e.g., a non-solicitation or non-competition obligation) or other obligations that you owe to any other person (including to a current or prior employer) during your employment with the Company. You agree to abide by the Company's general employment

policies and practices, including those set forth in its Employee Handbook, its Conflicts of Interest Policy, its Code of Ethics, its Whistleblower Policy and Procedures and Global Business Conduct and Compliance Policies Manual (as each may be amended from time to time) as well as such other policies and procedures as the Company shall from time to time establish.

19. **Arbitration.** Any and all claims or controversies arising out of or relating to your employment, the termination thereof, or otherwise arising between the parties hereto shall, in lieu of a jury or other civil trial, be settled by final and binding arbitration before a single arbitrator in Los Angeles, California, in accordance with then-current rules of the American Arbitration Association applicable to employment disputes. This agreement to arbitrate includes all claims whether arising in tort or contract and whether arising under statute or common law including, but not limited to, any claim of breach of contract, discrimination or harassment of any kind. Judgment on any award rendered by the arbitrator may be entered and enforced by any court having jurisdiction thereof. The Company shall be solely responsible for all costs of the arbitration, provided that each party shall be responsible for paying its own costs for the arbitration process, including attorneys' fees, witness fees, transcript costs, lodging and travel expenses, expert witness fees, and online research charges, subject to the last sentence of this paragraph. Notwithstanding the foregoing, the parties may seek injunctive or equitable relief to enforce the terms of this Agreement in any court of competent jurisdiction.

Except where prohibited by law, the parties must bring "covered claims" (which are any and all claims or controversies arising out of or relating to your employment, the termination thereof or otherwise arising between the parties hereto, except for "non-covered claims" described in the following paragraph) on an individual basis only, and arbitration on an individual basis is the parties' exclusive remedy. Neither party may submit a multi-plaintiff, class, collective or representative action for resolution under this Agreement, and no arbitrator has the authority to proceed with arbitration on such a basis. A court of competent jurisdiction (but not the arbitrator) can decide any disputes concerning the validity of the waivers in the preceding two sentences. In the event that a court determines that these waivers are unenforceable with respect to any claim or portion of a claim, then these waivers will not apply to that claim or portion of the claim, and that claim (or portion thereof) may then only proceed in a court as the exclusive forum.

"Non-covered claims" are: claims for workers' compensation or unemployment benefits; petitions or charges that could be brought before the National Labor Relations Board; claims under a collective bargaining agreement; claims under employee pension, welfare benefit or stock-option plans if those plans provide a dispute resolution procedure; representative claims under California's Labor Code Private Attorneys General Act of 2004, California Labor Code §§ 2698, *et seq.*; and any other claims which are not subject to arbitration or pre-dispute arbitration agreements.

Please accept this offer by signing below and by signing the attached Restrictive Covenant Agreement.

Very truly yours,
GLOBAL EAGLE ENTERTAINMENT INC.

By: _____

Name: _____

Title: _____

I hereby accept this employment offer:

R. Jason Everett

Dated: _____

Attachment

Attachment A: Employee Statement and Agreements Regarding Confidentiality, Proprietary Information, Invention Assignment and Non-Solicitation

Signature Page to Offer of Employment

Attachment A

See attached.

GLOBAL EAGLE ENTERTAINMENT INC.

**EMPLOYEE STATEMENT & AGREEMENTS REGARDING
CONFIDENTIALITY, PROPRIETARY INFORMATION, INVENTION ASSIGNMENT
AND NON-SOLICITATION**

In consideration of and as a condition of my employment with Global Eagle Entertainment Inc. ("Global Eagle") and my receipt of the salary and other compensation to be paid to me by Global Eagle, I, the undersigned employee, do hereby agree to the following (this "Restrictive Covenant Agreement"):

1. PROPRIETARY INFORMATION, COPYRIGHTS, MASK WORKS & INVENTIONS

The success of Global Eagle, along with its subsidiaries, affiliates, successors and assigns (the "Company Group") depends, among other things, upon strictly maintaining confidential and secret information relating to its trade secrets, technology, accounting, costs, research, development, sales, manufacturing, methods, production, testing, implementation, marketing, financial information, financial results, products, customers, suppliers, staffing levels, employees, shareholders, officers and other information peculiarly within the knowledge of and relating to Global Eagle's business, and to which employees may acquire knowledge or have access to during the course of their employment by the Company Group. All such information is hereinafter collectively referred to as "Proprietary Information." Proprietary Information shall be broadly defined. It includes all information, data, trade secrets or know-how that has or could have commercial value or other utility in Global Eagle's business or in which the Company Group contemplates engaging. Proprietary Information also includes all Company Group information the unauthorized disclosure of which is or could be detrimental to the interests of the Company Group, whether or not such information is identified as confidential or proprietary information by the Company Group.

Notwithstanding the above, Proprietary Information shall not include any information, data, trade secrets or know-how that (i) I can prove was known by me prior to the commencement of my employment with the Company Group or (ii) is or becomes publicly known from another source that is under no obligation of confidentiality to the Company Group without fault on my part. I do not know any information, data, trade secrets or know-how that would be Proprietary Information but for this provision.

The success of the Company Group also depends upon the timely disclosure of inventions made by the Company Group employees in the course of their employment and, in appropriate circumstances, the full cooperation of employee inventors in filing, maintaining and enforcing United States and foreign country patent applications and patents covering such inventions.

In view of the foregoing and in consideration of my employment by Global Eagle and as a further condition thereof, I agree as follows:

A. PREVIOUS EMPLOYMENT

I acknowledge that it is the policy of Global Eagle to require that its employees strictly honor all obligations regarding proprietary information of former

employers. I acknowledge and agree that I have a continuing obligation to protect and safeguard the proprietary information of my former employer(s), if any. I will not use any confidential or proprietary information of my former employer(s) in connection with my employment by Global Eagle.

B. PROPRIETARY INFORMATION

I shall exercise utmost diligence to protect and guard the Proprietary Information of the Company Group. Neither during my employment by Global Eagle nor thereafter shall I, directly or indirectly, use for myself or another, or disclose to another, any Proprietary Information (whether acquired, learned, obtained or developed by me alone or in conjunction with others) of the Company Group except as such disclosure or use is (i) required in connection with my employment with Global Eagle, (ii) consented to in writing by Global Eagle, or (iii) legally required to be disclosed pursuant to a subpoena or court order, and in the case of (iii), disclosure may only be made after I have informed Global Eagle of such requirement and assisted Global Eagle in taking reasonable steps to seek a protective order or other appropriate action. Except in connection with the performance of my duties and responsibilities as provided for in the Offer of Employment to which this Restrictive Covenant Agreement is attached, I agree not to remove any materials relating to the work performed at the Company Group without the prior written permission of the Chief Executive Officer (or his designee) of Global Eagle. Upon request by Global Eagle at any time, including in the event of my termination of employment with Global Eagle, I shall promptly deliver to Global Eagle, without retaining any copies, notes or excerpts thereof, all memoranda, journals, notebooks, diaries, notes, records, plats, sketches, plans, specifications, or other documents (including documents on electronic media and all records of inventions, if any) relating directly or indirectly to any Proprietary Information made or compiled by or delivered or made available to or otherwise obtained by me. Each of the foregoing obligations shall apply with respect to Proprietary Information of customers, contractors and others with whom any member of the Company Group has a business relationship, learned or acquired by me during the course of my employment by the Company Group. The provisions of this section shall continue in full force and effect after my termination of employment for whatever reason. Notwithstanding anything herein to the contrary, nothing in this Restrictive Covenant Agreement shall (i) prohibit me from making reports or participating in the investigation of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of local, state or federal law or regulation, or (ii) require notification to or prior approval by the Company Group of any reporting described in clause (i).

C. COPYRIGHT & MASK WORKS

All rights in and to any copyrightable material (including, but not limited to, computer programs) or material protectable as a mask work under the

Semiconductor Chip Protection Act of 1984 which I may originate pursuant to or in connection with the Business, and which are not expressly released by Global Eagle in writing, shall be deemed as a work for hire and shall be the sole and exclusive property of the Company Group.

D. INVENTIONS

With the exception of "EXEMPT" inventions, as defined herein, any and all inventions, including original works of authorship, concepts, trade secrets, improvements, developments and discoveries, whether or not patentable or registrable under copyright or similar laws, which I may conceive or first reduce to practice (or cause to be conceived or first reduced to practice), either alone or with others during the period of my employment with the Company Group (hereinafter referred to as "Inventions") shall be the sole and exclusive property of the Company Group, its successors, assigns, designees, or other legal representatives ("Company Group Representatives") and shall be promptly disclosed to Global Eagle in writing, and I hereby assign to the Company Group all of my right, title and interest in such Inventions.

I agree to keep and maintain adequate and current written records of all Inventions and their development that I make (solely or jointly with others) during the period of employment. These records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Company Group. The records will be available to and remain the sole property of the Company Group at all times.

I shall, without further compensation or consideration, but at no expense to me:

- (a) communicate to Global Eagle any facts known by me respecting the Inventions;
- (b) do all lawful acts, including the execution and delivery of all papers and proper oaths and the giving of testimony deemed necessary or desirable by Global Eagle or the Company Group, with regard to said Inventions, for protecting, obtaining, securing rights in, maintaining and enforcing any and all copyrights, patents, mask work rights or other intellectual property rights in the United States and throughout the world for said Inventions, and for perfecting, affirming, recording and maintaining in the Company Group and Company Group Representatives sole and exclusive right, title and interest in and to the Inventions, and any copyrights, Patents, mask work rights or other intellectual property rights relating thereto; and
- (c) generally cooperate to the fullest extent in all matters pertaining to said Inventions, original works of authorship, concepts, trade secrets, improvements, developments and discoveries, any and all applications, specifications, oaths, assignments and all other instruments which Global Eagle shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to Global Eagle, its successors, assigns and nominees the sole and exclusive rights, title and interest in and to such Inventions, and any copyrights, patents, mask work rights or other intellectual property rights relating thereto.

Compliance with California Labor Code Section 2870 – Inventions Made on Your Own Time – An “EXEMPT” invention is one which:

- (a) was developed entirely on my own time without using Company Group equipment, supplies, facilities, or trade secret information;
- (b) does not relate at the time of conception or reduction to practice of the invention to the Business, or to its actual or demonstrably anticipated research or development; and
- (c) does not result from any work performed by me for the Company Group.

Inventions which I consider to be “EXEMPT” but made solely or jointly with others during the term of my employment, shall be disclosed in confidence to Global Eagle for the purpose of determining such issues as may arise.

I acknowledge and agree that my obligations with respect to the foregoing shall continue after the termination of my employment with Global Eagle. If I am unable because of my mental or physical incapacity or for any other reason to secure my signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Inventions or original works of authorship assigned to the Company Group as above, then I hereby irrevocably designate and appoint Global Eagle and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters, patents or copyright registrations thereon with the same legal force and effect as if executed by me.

Pursuant to the Defend Trade Secrets Act of 2016, I understand that: (i) an individual may not be held criminally or civilly liable under any U.S. federal or state trade secrets law for the disclosure of a trade secret that: (A) is made (x) in confidence to a federal, state or local government official, either directly or indirectly, or to any attorney and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding; and (ii) further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer’s trade secrets to the attorney and use the trade secret information in the court proceeding if the individual (A) files any document containing the trade secret under seal and (B) does not disclose the trade secret except pursuant to court order.

Listed on the attached sheet by descriptive title for purposes of identification only are all of the inventions made by me (conceived and reduced to practice) prior to my employment by Global Eagle that I consider to be my property and excluded from this Restrictive Covenant Agreement. If I have not attached any such sheet, and it is not countersigned by Global Eagle, then I acknowledge that there are no such inventions.

2. NON-SOLICITATION

I acknowledge that Global Eagle is making a substantial investment in time, money, effort, goodwill and other resources in the business of the Company Group, and in my continued employment with Global Eagle. I acknowledge and agree that Global Eagle and the Company Group are entitled to protect their legitimate business interests and investments and prevent me from using my knowledge of its trade secrets and Proprietary Information to the detriment of the Company Group. I also acknowledge that the nature of the business of the Company Group is such that the on-going relationship among each member of the Company Group and their respective employees, clients and customers is material and has a significant effect on the ability of the Company Group to obtain business. In view of the foregoing and in consideration of my employment by Global Eagle and as further condition thereof, I agree as follows:

A. NON-SOLICITATION OF EMPLOYEES

During the period of my employment and for twelve (12) months following the termination thereof for any reason, I will not, without Global Eagle's prior written consent, directly or indirectly, on behalf of myself or any other person or organization, induce, knowingly solicit or encourage to leave the employment of any member of the Company Group, any employee of any member of the Company Group, or any such person who has been an employee thereof for the six months preceding my termination of employment.

I acknowledge that the limits set forth herein are reasonable and properly required to adequately protect the Company Group's legitimate business interests and to prevent unfair competition. However, if in any proceeding, a court or arbitrator shall refuse to enforce this Restrictive Covenant Agreement, whether because the time limit is too long or because the restrictions contained herein are more extensive (whether as to geographic area, scope of business or otherwise) than is necessary to protect the business of Global Eagle, it is expressly understood and agreed between the parties hereto that this Restrictive Covenant Agreement is deemed modified to the extent necessary to permit this Restrictive Covenant Agreement to be enforced in any such proceedings. I further agree that if there is a breach or threatened breach of the provisions of this Section 2, the Company Group shall be entitled to an injunction restraining me from such breach or threatened breach, in addition to any other relief permitted under applicable law or pursuant to my Offer of Employment. Global Eagle will not be required to post a bond or other security in connection with, or as a condition to, obtaining such relief before a court of competent jurisdiction. Nothing herein shall be construed as prohibiting Global Eagle from pursuing any other remedies, at law or in equity, for such breach or threatened breach.

3. ARBITRATION

Any and all claims or controversies arising out of or relating to my employment, the termination thereof, or this Restrictive Covenant Agreement hereto shall, in lieu of a jury or other civil trial, be settled by final and binding arbitration before a single arbitrator in Los Angeles, California, in accordance with then-current rules of the American Arbitration Association applicable to employment and related disputes. This agreement to arbitrate includes all claims whether arising in tort or contract and whether arising under statute or common law including, but not limited to, any claim of breach of contract, discrimination or harassment of any kind. The obligation to arbitrate such claims shall continue forever, and the arbitrator shall have jurisdiction to determine the arbitrability of any claim. The arbitrator shall have the authority to award any and all damages otherwise recoverable in a court of law. The arbitrator shall not have the authority to add to, subtract from or modify any of the terms of this Agreement. Judgment on any award rendered by the arbitrator may be entered and enforced by any court having jurisdiction thereof. Global Eagle shall be solely responsible for all costs of the arbitration, provided that each party shall be responsible for paying its own costs for the arbitration process, including attorneys' fees, witness fees, transcript costs, lodging and travel expenses, expert witness fees, and online research charges, subject to the last sentence of this paragraph. I shall not be required to pay any type or amount of expense if such requirement would invalidate this agreement or would otherwise be contrary to the law as it exists at the time of the arbitration. Notwithstanding and in addition to the foregoing, Global Eagle may seek injunctive or equitable relief to enforce the terms of this Restrictive Covenant Agreement in any court of competent jurisdiction.

Except where prohibited by law, the parties must bring "covered claims" (which are any and all claims or controversies arising out of or relating to your employment, the termination thereof or otherwise arising between the parties hereto, except for "non-covered claims" described in the following paragraph) on an individual basis only, and arbitration on an individual basis is the parties' exclusive remedy. Neither party may submit a multi-plaintiff, class, collective or representative action for resolution under this Agreement, and no arbitrator has the authority to proceed with arbitration on such a basis. A court of competent jurisdiction (but not the arbitrator) can decide any disputes concerning the validity of the waivers in the preceding two sentences. In the event that a court determines that these waivers are unenforceable with respect to any claim or portion of a claim, then these waivers will not apply to that claim or portion of the claim, and that claim (or portion thereof) may then only proceed in a court as the exclusive forum.

"Non-covered claims" are: claims for workers' compensation or unemployment benefits; petitions or charges that could be brought before the National Labor Relations Board; claims under a collective bargaining agreement; claims under employee pension, welfare benefit or stock-option plans if those plans provide a dispute resolution procedure; representative claims under California's Labor Code Private Attorneys General Act of 2004, California Labor Code §§ 2698, *et seq.*; and any other claims which are not subject to arbitration or pre-dispute arbitration agreements.

4. GENERAL PROVISIONS

- A. This Restrictive Covenant Agreement will be governed by the laws of the State of Delaware.

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- B.** Nothing contained herein shall be construed to require the commission of any act contrary to law. Should there be any conflict between any provisions hereof and any present or future statute, law, ordinance, regulation, or other pronouncement having the force of law, the latter shall prevail, but the provision of this Restrictive Covenant Agreement affected thereby shall be curtailed and limited only to the extent necessary to bring it within the requirement of the law, and the remaining provisions of this Restrictive Covenant Agreement shall remain in full force and effect. This Restrictive Covenant Agreement may not be assigned by me without the prior written consent of Global Eagle. Subject to the foregoing sentence, this Restrictive Covenant Agreement will be binding upon my heirs, executors, administrators and other legal representatives and will be for the benefit of Global Eagle, its successors, and its assigns, and may be assigned by Global Eagle and shall be binding and inure to the benefit of Global Eagle, its successors and assigns.
- C.** The provisions of this Restrictive Covenant Agreement are severable, and if any one or more provisions may be determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions or parts thereof shall nevertheless be binding and enforceable. In the event that any provision of this Restrictive Covenant Agreement is deemed unenforceable, Global Eagle and I agree that a court or an arbitrator chosen pursuant to the terms hereof shall reform such provision to the extent necessary to cause it to be enforceable to the maximum extent permitted by law. Global Eagle and I agree that each desires the court or arbitrator to reform such provision, and therefore agree that the court or arbitrator will have jurisdiction to do so and that each will abide by the determination of the court or arbitrator.

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- D.** I have had the opportunity to review this Restrictive Covenant Agreement and have had the opportunity to ask questions regarding the nature of my employment with Global Eagle I have also been advised that I have been given the opportunity to allow legal counsel to assist me in the review of this Restrictive Covenant Agreement prior to my execution of this Restrictive Covenant Agreement. I represent that my performance of all the terms of this Agreement will not breach any agreement to keep in confidence proprietary information acquired by me in confidence or in trust prior to my employment with Global Eagle. I have not entered into, and I agree I will not enter into any oral or written agreements in conflict herewith.

I have read, and I understand and agree to comply with all terms and conditions above without any reservation whatsoever.

R. Jason Everett

Signature: _____

Date: _____

Global Eagle Entertainment Inc.

By: _____

Name: _____

Title: _____

Signature Page to Restrictive Covenant Agreement



GLOBAL EAGLE REPORTS FINANCIAL RESULTS FOR THE SECOND QUARTER OF 2019

Gross margin improved 170 basis points sequentially

Record cash flows from operating activities

*Generated positive free cash flow**

Apple Pay launched on award-winning Airtime IFC Portal

LOS ANGELES, CA, August 8, 2019—Global Eagle Entertainment Inc. (Nasdaq: ENT) (“Global Eagle,” the “Company” or “we”), a leading provider of media, content, connectivity and data analytics to markets across air, sea and land, today announced financial results for the second quarter ended June 30, 2019. For the second quarter of 2019, Global Eagle recorded revenue of \$157 million; incurred a net loss of \$38.5 million and generated Adjusted EBITDA* of \$22.7 million.

“We are delivering technical innovation to our Connectivity and Media & Content customers while driving improving efficiency throughout our cost structure,” commented Josh Marks, CEO of Global Eagle. “Executing for both our customers and stakeholders is leading to a substantial improvement in cash generation that we expect to build upon, consistent with our goal of sustainable positive free cash flow by year-end.”

Financial Results

During the second quarter, Global Eagle drove improved financial performance including executing on Phase II of its cost realignment plan. Revenue of \$157 million was driven by growth in Connectivity equipment revenue, which was offset by a decline in Media & Content revenue compared to the prior-year period. Connectivity service gross margins of 17.5% improved from the prior quarter due to lower bandwidth costs and improved cost controls. Operating expenses continued to improve primarily due to the benefits of Phase II of our cost realignment plan. As of June 30, 2019, we had achieved 90% of targeted Phase II savings. We are evaluating additional cost opportunities in order to optimize our spending across all business units. We continue to expect Phase II of our cost realignment plan, together with revenue growth, to drive a minimum of \$25 million of Adjusted EBITDA in the fourth quarter of 2019. Upon resolution of Boeing 737 MAX related issues, we expect to transition to positive free cash flow on a sustainable basis.

The Company generated record cash flows from operating activities of approximately \$12 million in the second quarter primarily due to favorable working capital dynamics. Capital expenditures during the quarter were approximately \$4 million, down more than 50% versus the first quarter of 2019. The Company generated positive free cash flow* of approximately \$8 million in the second quarter of 2019. Our strong second quarter performance is an important step towards our goals of significant EBITDA growth and sustainable free cash flow generation. Free cash flow is defined as cash flows from operating activities less capital expenditures. Note that our free cash flow calculation includes approximately \$1 million of severance cost related to our Phase II of our cost realignment plan.



“We are driving cultural change and process improvements to ensure we have the most efficient cost structure in our industry. This will take time, but our improved results provide positive reinforcement,” said Christian Mezger, CFO of Global Eagle. “The positive free cash we generated this quarter benefited from favorable working capital dynamics. Nonetheless, we believe this quarter is a significant milestone to achieve sustainable positive free cash flow by year end.”

Connectivity

Global Eagle’s Connectivity segment is a leading provider of satellite-based passenger connectivity for single-aisle airliners and broadcaster of live television to aviation and maritime markets. Connectivity segment revenue was up 1.1% year-over-year despite the impact of the 737 MAX 8 grounding as discussed below. Absent the MAX impact, Connectivity segment revenue would have increased approximately 3.4%. Inflight connectivity installations and activations continue at Air France powered by Global Eagle’s Ku high-throughput satellite (HTS) network. This is the first EMEA HTS inflight connectivity network to provide consistent coverage throughout Europe, Russia, the Nordics and Scandinavia, and North Africa, capable of delivering speeds up to 500 Mbps to each aircraft cabin. The Company also initiated engineering and certification activity for our new EMEA inflight connectivity customer announced last quarter. In addition, our cruise business continues to perform ahead of expectations as bandwidth requirements grow and we realize benefits from new contract structures.

Global Eagle has continued to innovate customer-centered design solutions to enhance the inflight experience. The Company is now integrating Apple Pay into its award-winning Airtime Portal. This allows passengers to use one-touch biometric authorized payment methods with Apple Pay-enabled devices. For airlines, this means that passengers can use Face Unlock and Touch ID to easily and quickly make purchases such as inflight wi-fi access. The system has been successfully launched with Southwest Airlines.

737 MAX 8 Impact

The Company currently expects the 737 MAX 8 aircraft in its fleet of connected aircraft to resume normal operations in January 2020. Due to regulatory actions beyond our control and unrelated to passenger connectivity systems, our 26 MAX-connected aircraft remained grounded at quarter-end. Our equipment deliveries to support new MAX installations are expected to continue while the manufacturing line remains in active production. We forecast that MAX program issues will impact services revenue, including both Connectivity and Media & Content revenue, by approximately \$3 million per quarter, with an Adjusted EBITDA impact of approximately \$2 million per quarter. For the full year 2019, we estimate the impact on services revenue to be approximately \$8 million, with an Adjusted EBITDA impact of approximately \$5 million. We continue to work with our airline partners and with Boeing to mitigate and reduce this impact, and to be ready when the MAX returns to service.

Media & Content

During the second quarter, Media & Content revenue was down 11.3% over the prior-year quarter primarily due to two factors. First, content cycle timing resulted in a \$2.6 million shift in content revenue which is expected to have a positive impact on third quarter 2019 revenue. Second, our content distribution business declined by \$1.5 million due to our decision not to renew an unprofitable contract as we remain focused on generating sustainable positive free cash flow. The large new content services customer announced in March 2019 began service on July 1, 2019. We continue to expect the segment to return to growth in the coming quarter and to generate positive single-digit revenue growth for the full year.



Global Eagle's digital content supply chain technology known as the Open™ platform is now live with customers. Our Open™ platform optimizes workflow for the cloud environment and tracks content from acquisition to delivery, collecting data throughout which drives improved analytics. The platform will enable new efficiencies and capabilities for 4K/HD content, broader content selection and greater content customization. Customer transition is expected to occur through year end 2020.

Operational and Strategic Initiatives

In mid-July, the Company announced that it completed a \$40 million upsizing of its Senior Secured Term Loan due 2023 ("Term Loan"), as well as an amendment to its Term Loan (collectively, the "Amendment") which, among other things, reduced scheduled principal repayments over the next six quarters by an aggregate amount of approximately \$26 million. Net of fees and expenses, the Amendment will result in approximately \$61 million of incremental liquidity over the next 18 months. This supplements the Company's approximately \$49 million of liquidity as of June 30, 2019, which includes cash and unused revolver capacity, and further enables the Company to focus on executing its growth initiatives.

The Company continues to work with its financial advisor, Barclays Capital Inc., to evaluate offers for all or a portion of the non-aviation components of our Connectivity business. We now expect the evaluation process to conclude by the end of fall. Separately, the Company continues to evaluate the potential sale of certain joint venture interests.

Second Quarter Summary

- Total revenue for the second quarter of 2019 was \$157 million. Revenue versus the prior-year period was driven by growth in Connectivity equipment revenue from additional aircraft and marine vessel installations, which was offset by a decline in Media & Content revenue resulting from the timing of customer content cycles and weaknesses in our distribution as indicated above. We continue to expect Media & Content segment revenue to return to growth in the coming quarter and to generate positive single-digit growth for the full year.
- Gross margin improved to 21.1% during the quarter, a 1.7 percentage point increase versus the first quarter of 2019, driven by lower bandwidth costs and improved cost controls. Operating expenses were \$48.5 million, decreasing \$3.0 million versus the first quarter of 2019 and decreasing \$12.3 million versus the prior-year period. The operating expense improvement was driven by the continued implementation of cost savings initiatives.
- Net loss for the second quarter of 2019 was \$38.5 million, up sequentially due to increased interest expense and income taxes and down versus the prior-year period, primarily due to lower operating expenses as discussed above.
- Adjusted EBITDA for the second quarter of 2019 was \$22.7 million, which was a 23.0% increase versus the first quarter of 2019 and a 11.5% increase versus the prior-year period. The improvement in Adjusted EBITDA versus both periods was primarily driven by lower operating expenses as discussed above. EBITDA was \$8.7 million for the second quarter of 2019 which is a 100% increase over the prior-year period.



CAO Appointment

Global Eagle also announced that R. Jason Everett has been appointed Vice President and Chief Accounting Officer, effective on August 12, 2019. Mr. Everett brings significant leadership experience to Global Eagle in the areas of financial planning, accounting, budgeting, controllership, treasury and corporate finance, primarily from his experience most recently as Vice President, Corporate Controller and Treasurer at Webroot Inc.

Webcast

We will host a live webcast on Thursday, August 8, 2019 at 5:00 p.m. EDT (2:00 p.m. PDT). We will make the webcast and an accompanying slide presentation available on the Investor Relations section of our website at <http://investors.geemedia.com/events-and-presentations>. We will maintain an archive of the webcast on our website for 30 days following the event.

About Global Eagle

Global Eagle is a leading provider of media, content, connectivity and data analytics to markets across air, sea and land. Global Eagle offers a fully integrated suite of rich media content and seamless connectivity solutions to airlines, cruise lines, commercial ships, high-end yachts, ferries and land locations worldwide. With approximately 1,200 employees and 50 offices on six continents, the Company delivers exceptional service and rapid support to a diverse customer base. Find out more at: www.GlobalEagle.com.

Contact:

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pr@GlobalEagle.com

*** About Non-GAAP Financial Measures**

To supplement our consolidated financial statements, which are prepared and presented in accordance with accounting principles generally accepted in the United States, or GAAP, we present EBITDA, Adjusted EBITDA and free cash flow, which are non-GAAP financial measures, as measures of our performance. The presentations of EBITDA, Adjusted EBITDA and free cash flow are not intended to be considered in isolation from, or as a substitute for, or superior to, net income (loss), cash flows from operations or any other performance measures derived in accordance with GAAP or as an alternative to net cash provided by operating activities or any other measures of our cash flows or liquidity. For a reconciliation of EBITDA, Adjusted EBITDA and free cash flow to its most comparable measure under GAAP, please see the table entitled "Reconciliation of GAAP to Non-GAAP Measure" at the end of this press release. Further, we note that Adjusted EBITDA as presented herein is defined and calculated differently than the "Consolidated EBITDA" definition in our senior secured credit agreement and in our second lien notes, which Consolidated EBITDA definition we use for financial-covenant-compliance purposes and as a measure of our liquidity.



EBITDA, Adjusted EBITDA and free cash flow are three of the primary measures used by our management and Board of Directors to understand and evaluate our financial performance and operating trends, including period to period comparisons, to prepare and approve our annual budget and to develop short- and long-term operational plans. Additionally, Adjusted EBITDA is one of the primary measures used by the Compensation Committee of our Board of Directors to establish the funding targets for (and subsequent funding of) our Annual Incentive Plan bonuses for our employees. We believe our presentation of EBITDA, Adjusted EBITDA and free cash flow is useful to investors both because it allows for greater transparency with respect to key metrics used by our management in their financial and operational decision-making and because our management frequently uses it in discussions with investors, commercial bankers, securities analysts and other users of our financial statements.

We define Adjusted EBITDA as EBITDA (net income (loss) before (a) interest expense (income), (b) income tax expense (benefit) and (c) depreciation and amortization), as further adjusted to exclude (when applicable in the period) (1) change in fair value of financial instruments, (2) other (income) expense, including (gains) losses from foreign-currency-transaction (gains) and from other investments, which include impairment charges relating to our joint ventures, (3) goodwill impairment expense, (4) stock-based compensation expense, (5) strategic-transaction, integration and realignment expenses (as described below), (6) auditor and third-party professional fees and expenses related to our internal-control deficiencies (and the remediation thereof) and complications in our audit process relating to our control environment, (7) (gain) loss on disposal and impairment of fixed assets, (8) non-ordinary-course legal expenses (as described below), (9) losses related to significant customer bankruptcies or financial distress (as described below) and (10) expenses incurred in connection with grounded aircraft resulting from orders, airworthiness directives and other regulations issued by U.S. and foreign civil aviation authorities. Management does not consider these items to be indicative of our core operating results.

“Losses related to significant customer bankruptcies or financial distress” includes (1) our provision for bad debt associated with significant bankruptcies or financial distress of our customers, (2) the costs (e.g., content acquisition fees) that we incurred to maintain service to those customers during their bankruptcy proceedings in order to preserve the customer relationship and (3) costs relating to providing services to customers for whom we recognize revenue on a cash basis due to their financial distress.

“Non-ordinary-course legal expenses” includes third-party professional fees and expenses and estimated loss contingencies, provisions for legal settlements and other expenses associated with non-ordinary-course employment, corporate and intellectual-property-infringement disputes.

“Strategic-transaction, integration and realignment expenses” includes (1) transaction and procurement-related expenses and costs (including third-party professional fees) attributable to acquisition, financing, investment and other strategic-transaction activities (including for new product and proof-of-concept testing), (2) integration and realignment expenses and allowances, (3) employee-severance, -retention and -relocation expenses, (4) purchase-accounting adjustments for deferred revenue, costs and credits associated with companies and businesses that we have acquired through our M&A activities and (5) estimated loss contingencies, provisions for legal settlements and other expenses related to claims at companies or businesses that we acquired through our M&A activities for underlying liabilities that pre-dated our acquisition of those companies or businesses.

We define free cash flow as cash flows from operating activities less capital expenditures. Free cash flow does not represent our residual cash flow available for discretionary expenditures, since we have mandatory debt service requirements and other non-discretionary expenditures that are not deducted from the measure.

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this press release may constitute “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, without limitation, statements with respect to our expected Adjusted EBITDA, revenue and margin growth in future periods, our aviation-connectivity installations in future periods, the impact of Boeing 737 MAX aircraft grounding on our financial performance, our business and financial-performance outlook, industry, business strategy, plans, the potential sale of certain businesses and assets, business and M&A integration activities, operating-expense and cost structure improvements and reductions and our ability to execute and realize the benefits of our cost-savings plans, international expansion, future technologies, future operations, financial covenant compliance, margins, profitability, future efficiencies, liquidity, ability to generate positive cash flow from operating activities, and other financial and operating information. The words “anticipate,” “assume,” “believe,” “budget,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “will,” “future” and the negative of these or similar terms and phrases are intended to identify forward-looking statements in this press release.



Forward-looking statements reflect our current expectations regarding future events, results or outcomes. These expectations may or may not be realized. Although we believe the expectations reflected in the forward-looking statements are reasonable, we can give you no assurance these expectations will prove to have been correct. Some of these expectations may be based upon assumptions, data or judgments that prove to be incorrect. Actual events, results and outcomes may differ materially from our expectations due to a variety of known and unknown risks, uncertainties and other factors. Although it is not possible to identify all of these risks and factors, they include, among others, the following:

- our ability to timely remediate material weaknesses in our internal control over financial reporting; the effect of those weaknesses on our ability to report and forecast our operations and financial performance; and the impact of our remediation efforts (and associated management time and costs) on our liquidity and financial performance;
- our ability to maintain effective disclosure controls and internal control over financial reporting;
- our ability to execute on our operating-expense and cost-structure realignment plan and realize the benefits of those initiatives;
- our ability to sell certain businesses and/or assets on favorable terms or at all, and our ability to realize the anticipated benefits from any such sales;
- the timing and conditions surrounding the return to service of the Boeing 737 MAX aircraft;
- our ability to properly implement the new leasing standard (ASC 842);
- our dependence on the travel industry;
- future acts or threats of terrorism;
- our ability to obtain new customers and renew agreements with existing customers;
- our customers' solvency, inability to pay and/or delays in paying us for our services;
- our ability to retain and effectively integrate and train key members of senior management;
- our ability to recruit, train and retain highly skilled technical employees;
- negative external perceptions that damage our reputation among potential customers, investors, employees, advisors and vendors;
- our ability to receive the anticipated cash distributions or other benefits from our investment in the Wireless Maritime Services joint venture;
- customer attrition due to direct arrangements between satellite providers and customers;
- our ability to utilize our net operating loss carryforwards and certain other tax attributes may be limited;
- the effect of a variety of complex U.S. and foreign tax laws and regimes due to the global nature of our business;
- our ability to continue to be able to make claims for e-business and multimedia tax credits in Canada;
- our exposure to foreign currency risks;
- the effect of the United Kingdom's referendum to withdraw from the European Union;
- our dependence on our existing relationship and agreement with Southwest Airlines;
- our need to invest in and develop new broadband technologies and advanced communications and secure networking systems, products and services and antenna technologies as well as their market acceptance;
- increased demand by customers for greater bandwidth, speed and performance and increased competition from new technologies and market entrants;
- our reliance on "sole source" service providers and other third parties for key components and services that are integral to our product and service offerings;
- the potential need to materially increase our investments in product development and equipment beyond our current investment expectations;
- our ability to expand our international operations and the risks inherent in our international operations, especially in light of current trade and national-security disputes between the United States and China (which may adversely impact our ability to conduct business in that market);
- service interruptions or delays, technology failures, damage to equipment or software defects or errors and the resulting impact on our reputation and ability to attract, retain and serve our customers;
- equipment failures or software defects or errors that may damage our reputation or result in claims in excess of our insurance or warranty coverage;
- satellite failures or degradations in satellite performance;
- our ability to integrate businesses or technologies we have acquired or may acquire in the future;
- increased on-board use of personal electronic devices and content accessed and downloaded prior to travel and our ability to compete as a content provider against "over the top" download services and other companies that offer in-flight entertainment products;
- pricing pressure from suppliers and customers in our Media & Content segment and a reduction in the aviation industry's use of intermediary content service providers (such as us);
- a reduction in the volume or quality of content produced by studios, distributors or other content providers or their refusal to license content or other rights upon terms acceptable to us;
- a reduction or elimination of the time between our receipt of content and it being made available to the rental or home viewing market (i.e., the "early release window");
- increased competition in the in-flight entertainment ("IFE") and in-flight connectivity ("IFC") system supply chain;



- our ability to plan expenses and forecast revenue due to the long sales cycle of many of our Media & Content segment's products;
- the refusal of content providers to license content to us, and operational complexity and increased costs or reducing content that we offer due to challenges maintaining and tracking our music content licenses and rights related thereto, which could cause a decline in customer retention or inability to win new business;
- our use of fixed-price contracts for satellite bandwidth and potential cost differentials that may lead to losses if the market price for our services declines relative to our committed cost;
- our use of fixed-price contracts in our Media & Content segment that may lead to losses in the future if the market price for our services declines relative to our committed cost;
- our ability to develop new products or enhance those we currently provide in our Media & Content segment;
- our ability to successfully implement a new enterprise resource planning system;
- the effect on our business and customers due to disruption of the technology systems utilized in our business operations;
- our ability to protect our intellectual property;
- the effect of cybersecurity attacks, data or privacy breaches, data or privacy theft, unauthorized access to our internal systems or connectivity or media and content systems, or phishing or hacking, especially in light of recently publicized security incidents affecting our industry and our systems;
- the costs to defend and/or settle current and potential future civil intellectual property lawsuits (including relating to music and other content infringement) and related claims for indemnification;
- changes in regulations and our ability to obtain regulatory approvals to provide our services or to operate our business in particular countries or territorial waters;
- compliance with U.S. and foreign regulatory agencies, including the Federal Aviation Administration ("FAA"), the U.S. Department of Treasury's Office of Foreign Asset Control ("OFAC"), Federal Communications Commission ("FCC"), and Federal Trade Commission ("FTC") and their foreign equivalents in the jurisdictions in which we and our customers operate;
- regulation by foreign government agencies that increases our costs of providing services or requires us to change services;
- changes in government regulation of the Internet, including e-commerce or online video distribution;
- our ability to comply with trade, export, anti-money laundering and anti-bribery practices and data protection laws, especially the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and the General Data Protection Regulation;
- changes in foreign and domestic civil aviation authorities' orders, airworthiness directives, or other regulations that restrict our customers' ability to operate aircraft on which we provide services;
- our (along with our directors' and officers') exposure to civil stockholder litigation relating to our investor disclosures and the related costs of defending and insuring against such litigation;
- uninsured or underinsured costs associated with stockholder litigation and any uninsured or underinsured indemnification obligations with respect to current and former executive officers and directors;
- limitations on our cash flow available to make investments due to our substantial indebtedness and our ability to generate sufficient cash flow to make payments thereon, comply with our reporting and financial covenants, or fund our operations;
- our ability to repay the principal amount of our bank debt, second lien notes due June 30, 2023 (the "Second Lien Notes") and/or 2.75% convertible senior notes due 2035 (the "Convertible Notes") at maturity, to raise the funds necessary to settle conversions of our Convertible Notes or to repurchase our Convertible Notes upon a fundamental change or on specified repurchase dates or due to future indebtedness;
- the conditional conversion of our Convertible Notes;
- the effect on our reported financial results of the accounting method for our Convertible Notes;
- the impact of the fundamental change repurchase feature and change of control repurchase feature of the securities purchase agreement governing our Second Lien Notes on our price or potential as a takeover target;
- the dilution or price depression of our common stock that may occur as a result of the conversion of our Convertible Notes and/or Searchlight warrants;
- our ability to meet the continued listing requirements of The Nasdaq Stock Market ("Nasdaq"), in particular given our recent history of delinquent periodic filings with the U.S. Securities and Exchange Commission ("SEC") and our receipt of a notice from Nasdaq that our stock price does not meet the minimum \$1.00 per share stock price requirement pursuant to Nasdaq rules;
- conflicts between our interests and the interests of our largest stockholders;
- volatility of the market price of our securities;
- anti-takeover provisions contained in our charter and bylaws;
- the dilution of our common stock if we issue additional equity or convertible debt securities; and,
- other risks and factors listed under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2018 as filed with the SEC on March 18, 2019 (the "2018 Form 10-K").

The forward-looking statements herein speak only as of the date the statements are made (which is the date of this press release). You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.



Financial Information

The table below presents financial results for the three months and six ended June 30, 2019 and 2018.

Global Eagle Entertainment Inc.
Condensed Consolidated Statements of Operations
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Revenue:				
Licensing and services	\$145,129	\$156,428	\$295,607	\$302,954
Equipment	12,338	9,534	28,479	19,505
Total revenue	157,467	165,962	324,086	322,459
Cost of sales:				
Licensing and services	116,308	122,304	239,577	234,795
Equipment	7,909	4,427	18,834	10,415
Total cost of sales	124,217	126,731	258,411	245,210
Gross margin	33,250	39,231	65,675	77,249
Operating Expenses:				
Sales and marketing	7,365	10,877	15,614	20,492
Product development	6,125	9,872	13,104	18,206
General and administrative	27,161	29,799	55,141	68,235
Provision for (gain from) legal settlements	25	(141)	533	375
Amortization of intangible assets	7,800	10,357	15,599	20,920
Total operating expenses	48,476	60,764	99,991	128,228
Loss from operations	(15,226)	(21,533)	(34,316)	(50,979)
Other (expense) income:				
Interest expense, net	(22,329)	(19,755)	(43,606)	(35,352)
Income from equity method investments	2,517	428	4,646	1,589
Change in fair value of derivatives	—	(655)	938	(91)
Other expense, net	(105)	(673)	(284)	(347)
Loss before income taxes	(35,143)	(42,188)	(72,622)	(85,180)
Income tax expense (benefit)	3,317	3,722	3,447	(987)
Net loss	<u>\$ (38,460)</u>	<u>\$ (45,910)</u>	<u>\$ (76,069)</u>	<u>\$ (84,193)</u>
Net loss per share – basic and diluted	<u>\$ (0.42)</u>	<u>\$ (0.50)</u>	<u>\$ (0.83)</u>	<u>\$ (0.93)</u>
Weighted average shares outstanding – basic and diluted	<u>92,259</u>	<u>91,057</u>	<u>92,046</u>	<u>90,925</u>



Global Eagle Entertainment Inc.
Condensed Consolidated Balance Sheets
(In thousands)
(Unaudited)

	June 30, 2019	December 31, 2018
Assets		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 10,853	\$ 39,154
Restricted cash	1,172	801
Accounts receivable, net	91,801	97,623
Inventories	35,378	34,649
Prepaid expenses	5,042	9,104
Other current assets	10,473	10,498
TOTAL CURRENT ASSETS:	154,719	191,829
Content library	5,065	6,966
Property, plant and equipment, net	170,046	176,577
Right-of-use assets	34,551	—
Goodwill	159,613	159,562
Intangible assets, net	68,534	84,136
Equity method investments	83,369	83,135
Other non-current assets	27,032	14,882
Total Assets	\$ 702,929	\$ 717,087
Liabilities and Stockholders' Equity		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 184,837	\$ 177,056
Deferred revenue	10,672	7,430
Current portion of long-term debt and finance leases	17,005	22,673
Current portion of operating lease liabilities	4,806	—
Other current liabilities	7,560	5,032
TOTAL CURRENT LIABILITIES:	224,880	212,191
Deferred revenue, non-current	252	1,116
Long-term debt and finance leases	713,281	686,938
Long-term operating lease liabilities	22,277	—
Deferred tax liabilities	7,702	8,406
Other non-current liabilities	35,067	34,771
Total Liabilities	1,003,459	943,422
Stockholders' Equity		
Common stock	10	10
Treasury stock	(30,659)	(30,659)
Additional paid-in capital	816,119	814,488
Subscriptions receivable	(597)	(597)
Accumulated deficit	(1,085,527)	(1,009,458)
Accumulated other comprehensive income (loss)	124	(119)
Total Stockholder's Deficit	(300,530)	(226,335)
Total Liabilities and Stockholders' Equity	\$ 702,929	\$ 717,087



Global Eagle Entertainment Inc.
Reconciliations of GAAP to Non-GAAP Measures
(In thousands)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Net loss to Adjusted EBITDA reconciliation				
Net loss	\$(38,460)	\$(45,910)	\$(76,069)	\$(84,193)
Interest expense, net	22,329	19,755	43,606	35,352
Income tax expense (benefit)	3,317	3,722	3,447	(987)
Depreciation and amortization	21,525	26,789	43,477	50,035
EBITDA	8,711	4,356	14,461	207
Depreciation and amortization from equity method investments	2,161	2,359	4,294	4,779
Change in fair value of financial instruments	—	655	(938)	91
Other expense, net	105	673	284	347
Stock-based compensation expense	2,327	2,230	3,616	5,874
Strategic-transaction, integration and realignment expenses	5,202	5,775	9,902	8,854
Internal-control and delayed audit expenses	2,355	3,847	5,808	17,553
Loss (gain) on disposal of fixed assets	193	509	357	(16)
Non-ordinary-course legal expenses	586	—	1,182	—
Losses on significant customer bankruptcies	775	—	1,939	—
Expenses incurred in connection with grounded aircraft	332	—	332	—
Adjusted EBITDA	\$ 22,747	\$ 20,404	\$ 41,237	\$ 37,689
Cash Flow from Operations to Free Cash Flow reconciliation				
Cash flow from operations	\$12,203	\$(38,874)	\$ 1,972	\$(42,827)
Purchases of property and equipment	(4,359)	(9,228)	(13,442)	(24,472)
Free Cash Flow	\$ 7,844	\$ (48,102)	\$ (11,470)	\$ (67,299)

See “About Non-GAAP Financial Measures” above, including our definition of Adjusted EBITDA and Free Cash Flow described therein.