UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 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 NUMBER 001-35176

GLOBAL EAGLE ENTERTAINMENT INC.

(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**27-4757800** **(I.R.S. Employer Identification Number)**
4553 Glencoe Avenue **Los Angeles, California** **(Address of principal executive offices)**	**90292** **(Zip Code)**

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

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

Title of each class	Name of each exchange on which registered
Common Stock, $0.0001 par value	The NASDAQ Stock Market LLC

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 Section 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 (Section 229.405 of this chapter) 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. (Check one):

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 Act). Yes ☐ No ☒

The aggregate market value of the common stock held by non-affiliates of the registrant, computed as of June 30, 2014 (the last business day of the registrant's most recently completed second fiscal quarter), was approximately $359,663,339.

As of March 12, 2015, there were 76,932,261 shares of the registrant's common stock issued and outstanding (excluding 3,053,634 shares of common stock held by a wholly-owned subsidiary of the registrant).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement relating to the registrant's 2015 Annual Meeting of Shareholders to be filed hereafter are incorporated by reference into Part III of this Annual Report on Form 10-K.

GLOBAL EAGLE ENTERTAINMENT INC.

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YEAR ENDED DECEMBER 31, 2014

PART I

ITEM 1. BUSINESS

Overview

Global Eagle Entertainment Inc. (the "Company." "Global Eagle." "GEE,-" "we." "us," or "our") is a leading full service provider of content, connectivity and digital media solutions for airlines. Through our comprehensive product and services platform, we provide more than 150 domestic and international airlines with a wide range of in-flight solutions, including Wi-Fi, movies, television, music, interactive software, as well as portable in-flight entertainment, or IFE, solutions, content management services, e-commerce solutions and original content development. Our business is comprised of two operating segments: Connectivity and Content.

- Our Connectivity segment provides our airline partners and their passengers with Wi-Fi connectivity over Ku-band satellite transmissions. This segment offers specialized network equipment, media applications and premium content services that allow airline passengers to access in-flight Internet, live television, on-demand content, shopping and travel-related information. With our Connectivity solution installed on 624 aircraft as of December 31, 2014, we have online one of the largest fleets of in-flight entertainment and Internet connected aircraft capable of operating over land and sea.

- Our Content segment selects, manages and distributes wholly-owned and licensed media content, video and music programming, applications and games to more than 150 airlines worldwide, as well as to the maritime and other away-from-home non-theatrical markets.

Our Connectivity business generates revenue primarily through the sale of equipment and Wi-Fi Internet, advertising and sponsorship and other related services. Our Content business generates revenue primarily through the licensing of acquired and third party media content, video and music programming, and video games, and secondarily from value added services such as selection, purchase, production, customer support and technical adjustment of content in connection with the integration and servicing of in-flight entertainment programs.

Operating Segments

Connectivity

Our Connectivity segment provides our airline partners and their passengers with Wi-Fi connectivity via satellite transmissions. Our connectivity system enables aircraft to connect to orbiting Ku-band satellites and to communicate with existing satellite ground earth stations. Our connectivity solution provides airline passengers with Wi-Fi based Internet access, live television, on-demand content, shopping, and flight and destination information.

Our Connectivity segment commenced operations in 2004. Our Wi-Fi connectivity system was first deployed by a domestic commercial airline in 2009 and our broadband services became fully operational in 2010. Following the completion of our licensed and operational in-flight broadband system in 2010, installation of our connectivity system equipment on Southwest Airlines aircraft commenced and we began to generate revenues. Hughes Network Systems, LLC ("Hughes"), a global satellite services company, provides us exclusive satellite coverage across North America. On October 24, 2014, we entered into a multi-year agreement with New Skies Satellites B.V. ("SES"), an affiliate of SES. S.A., one of the largest global satellite providers, to provide us Ku-band satellite coverage beyond our existing satellite commitments today. With our connectivity solution installed on 624 aircraft as of December 31, 2014, we have online one of the largest fleets of in-flight entertainment and Internet connected aircraft capable of operating over land and sea. In the near future, we also expect to deliver additional content and other desired communication services to airline passengers, and to provide airlines with valuable aircraft operations data and applications.

As of December 31, 2014, our Connectivity solutions are being utilized by the following customers:

- 2010 - Southwest Airlines Co.;
- 2011 - Norwegian Air Shuttle;
- 2011 - WirelessG (Mango Airlines);

- 2012 - Transaero Airlines;
- 2012 - Icelandair;
- 2014 - Air China (trial):
- 2014 - NOK Air;
- 2014 - Air France / Orange (trial); and,

The combined satellite coverage with these customers spans from Alaska to Japan, covering North America, the North Atlantic, Europe, and a substantial portion of the Middle East, Russia and Asia.

Connectivity Segment Products and Services:

AIRTIME LIVE™ - Satellite-Based Wi-Fi Internet Connectivity

We offer *AIRTIME LIVE™*, a satellite-based Wi-Fi Internet connectivity solution, in the United States and, where permitted, in other areas outside the United States where we provide service. This service allows airline passengers to connect to the Internet through their personal Wi-Fi enabled devices gate-to-gate. We provide our airline customers flexibility in how they want to provide and price the service to their passengers. Our fee structure for Wi-Fi Internet service varies by airline, and is customarily in the form of (i) a set fee for each enplaned passenger, (ii) a fee based on usage by passengers or (iii) flat rates per installed aircraft. In order to implement our connectivity services, we also provide our airline customers the following:

- *Connectivity Equipment* - we sell and lease equipment that allows our satellite-based services to operate on aircraft. Our equipment is generally shipped and sold as a single kit, with components of the kits separately priced for future ordering. Significant components of our equipment kits include radomes, antennas, modems and provisional and activation packages. We offer installation support to our customers' in-house or designated third party installers. Substantially all of our equipment is manufactured and warrantied by third party manufacturers.

- *Regulatory Support* - we obtain Supplemental Type Certificates ("STCs"), which are certificates issued when an applicant has received Federal Aviation Administration ("FAA") or similar international regulatory approval to modify an aircraft from its original type certificate approval. An STC on an aircraft type allows our equipment to be installed on that aircraft type.

- *Post-Implementation Support* - once our equipment is installed and operational, we provide technical and network support, which includes 24/7 operational assistance and monitoring of the connectivity performance and bandwidth of our satellite-based services on each aircraft.

Live Television Programming

In addition to Internet connectivity, we offer live television programming whereby airline passengers can watch a wide range of live television channels through their personal Wi-Fi enabled devices. Currently including up to 20 channels, our live television product includes a variety of programming options such as news channels, major broadcast networks, sports and specialty cable network channels. We also offer a selection of video-on-demand content in connection with our live television channels. Through December 31, 2014, our fee structure for our live television package on our first and largest customer airline, Southwest Airlines, was based on a free to the passenger sponsorship model whereby we received a fixed fee per month from Southwest Airlines for the duration of the sponsorship. We expect this fee structure with Southwest Airlines to continue throughout 2015. Following the sponsorship, Southwest Airlines has the option to pay us (i) a set fee for each enplaned passenger to continue the free to the passenger service or (ii) a fee based on usage by passengers.

Digital Media

Included in our Wi-Fi Internet services are digital media services, which generally include a web home page and a variety of services for airline passengers to choose from once logged into our Wi-Fi Internet service through their personal Wi-Fi enabled devices. Our web portal is white-labeled, which allows our airline customers to customize the home page with their own logo and branding. Through our digital media services, we offer (i) advertising, (ii) content for brands to sponsor such as the home page, BEATS music on Southwest Airlines, texting, travel and or other related web pages and services, (iii) interactive moving in-flight maps, destination and travel-related services and (iv) video on demand or “VOD.” VOD allows customers the ability to watch newly released feature films or television content in-flight and over their personal Wi-Fi enabled devices in exchange for a one-time fee. The fees generated from advertising, sponsored content, VOD and other portal services are generally subject to revenue sharing arrangements with our airline customers.

Ancillary Connectivity Products and Services

In order to implement our connectivity services, we also provide our airline customers the following:

- Connectivity Equipment - we sell equipment that allows our satellite-based services to operate on aircraft. Our equipment is generally shipped and sold as a single kit, with components of the kits separately priced for future ordering. Significant components of our equipment kits include radomes, antennas, modems and provisional and activation packages. We offer installation support to our customers’ in-house or designated third party installers. Substantially all of our equipment is manufactured and warrantied by third party manufacturers.

- *Regulatory Support* - we obtain Supplemental Type Certificates (“STCs”), which are certificates issued when an applicant has received Federal Aviation Administration (“FAA”) or similar international regulatory approval to modify an aircraft from its original type certificate approval. An STC on an aircraft type allows our equipment to be installed on that aircraft type.

- *Post-Implementation Support* - once our equipment is installed and operational, we provide technical and network support, which includes 24/7 operational assistance and monitoring of the connectivity performance and bandwidth of our satellite-based services on each aircraft.

Wi-Fi VOD Delivery Systems

During the first half of 2014, we began offering customers our Wireless In-flight Services and Entertainment (WISE ™) solution, a Wi-Fi VOD solution for hardware OEM service providers such as Airbus, Honeywell, OnAir and Rockwell Collins. The WISE platform allows airlines to deliver newly released content through a Wi-Fi system that is native and embedded into the plane itself. By logging onto the WISE™ system, passengers will be able to access the latest VOD content through their personal Wi-Fi enabled devices without the potential for outside connectivity interruptions. Our WISE system is intended to serve as a lower cost alternative to our satellite Wi-Fi enabled services. We plan to offer the WISE solution with a wide-variety of features and services, including (i) the basic platform system, (ii) creative services for airline branding and customization of the base platform, (iii) content selection, processing and delivery services, (iv) application development and service delivery and (v) analytics services. By using the extensive product and service offerings of our Content business, we expect to deliver WISE as a complete end-to-end solution for our airline customers, and are continuing to develop additional features for the WISE platform.

In addition and during the first half of 2015, we expect to launch *AIRTIME* and *AIRSIDE™*, non-connected, near time live wireless IFE systems for airlines. By logging onto each system, passengers will be able to access the latest VOD content through their personal Wi-Fi enabled devices without the potential for outside connectivity interruptions. Similar to the WISE platform, *AIRTIME* allows airlines to deliver newly released content through a Wi-Fi system and server that is native and embedded in the airplane. In addition, *AIRTIME* allows airline partners to refresh their content at each stop, providing near time live content updating capabilities. *AIRSIDE™* allows airline passengers to download newly released content on their personal devices prior to boarding the plane or when checking in to their flights online. Both the AIRTIME and AIRSIDE™ products are intended to serve as a lower cost alternative to our satellite Wi-Fi enabled services. We plan to offer these solutions with a wide-variety of features and services, including (i) the basic platform system, (ii) creative services for airline branding and customization of the base platform, (iii) content selection, processing and delivery services, (iv) application development and service delivery and (v) analytics services.

Content

Our Content segment is a leader in the business of selecting, procuring, managing, encoding, and distributing video and music programming, and in providing e-readers and similar applications and games to the in-flight entertainment market. We deliver content compatible with our systems as well as a multitude of third-party IFE systems.

Our Content segment’s operations are primarily focused on:

- acquiring IFE licenses for major Hollywood, independent and international film and television productions, and marketing such distribution rights to the airline, maritime and other non-theatrical markets such as schools;

- making content available for IFE systems and all associated services; and

- providing services ranging from the selection, purchase, production and technical adjustment of content to customer support in connection with the integration and servicing of IFE programs.

Content Segment Products and Services

Licensing and Distribution

The business that comprises our Content segment has been providing movies, television programming, games and audio programming as well as technical services for over 30 years. We source a broad range of theatrical and television programs from over 100 worldwide distributors including Warner Bros., NBC Universal, Twentieth Century Fox, CBS, Paramount, the BBC, Discovery and The Walt Disney Company, as well as smaller international content providers. Our programmers identify content that is relevant and appropriate for each individual airline based on their individual preferences. We tailor movie selections to create the atmosphere deemed appropriate by our individual airline customers.

Technical Services and Digital Production Solutions

Our Content segment addresses a variety of technical needs of airline customers relating to content irrespective of the particular onboard IFE system being used. We provide comprehensive support for a broad-range of traditional, new and emerging technologies. Our technical services which include encoding, editing and meta-data services are performed in-house in our technical facilities in Singapore, Auckland (New Zealand) and California. These technical facilities also enable us to provide a full range of tailored digital production solutions including corporate videos, safety videos, animated video content, podcasts and broadcast quality radio shows. We maintain a robust global digital network, allowing us to transfer a wide-range of file formats to our customers worldwide in minutes. We also support analog systems for airlines running on older “legacy” systems, and can advise on "plug and play" replacement hardware to assist our airline customers in implementing more cost effective IFE hardware solutions. We can adapt content and databases to be compatible with a broad-range of devices and delivery methods, including tablets, streaming video, iOS, Android and others. We have also negotiated licensing agreements with both domestic and international rights holders for the use of materials on portable electronic devices.

Graphical User Interfaces

Our Content services also include the development of graphical user interfaces for a variety of IFE applications, database management related to the overall management of IFE and both the technical integration of content and the operation of the varied content management systems found on commercial aircraft across the globe.

Our Content operations have developed custom-built airline “micro-sites” to take the passenger experience beyond the onboard experience and onto the Internet. Through these dedicated websites, from the moment passengers book their ticket they are able to watch trailers, decide what to view and even provide direct feedback by voting for their favorite onboard movies. Passengers are able to buy an audio track they have listened to via referral links to sites such as Amazon or iTunes. We also develop customized mobile applications to bring entertainment even closer to passengers. For example, the “Movies&more” mobile application for airline customer KLM, created by us, was the first to provide full entertainment listings of films (with trailers), television shows and music available aboard KLM aircraft.

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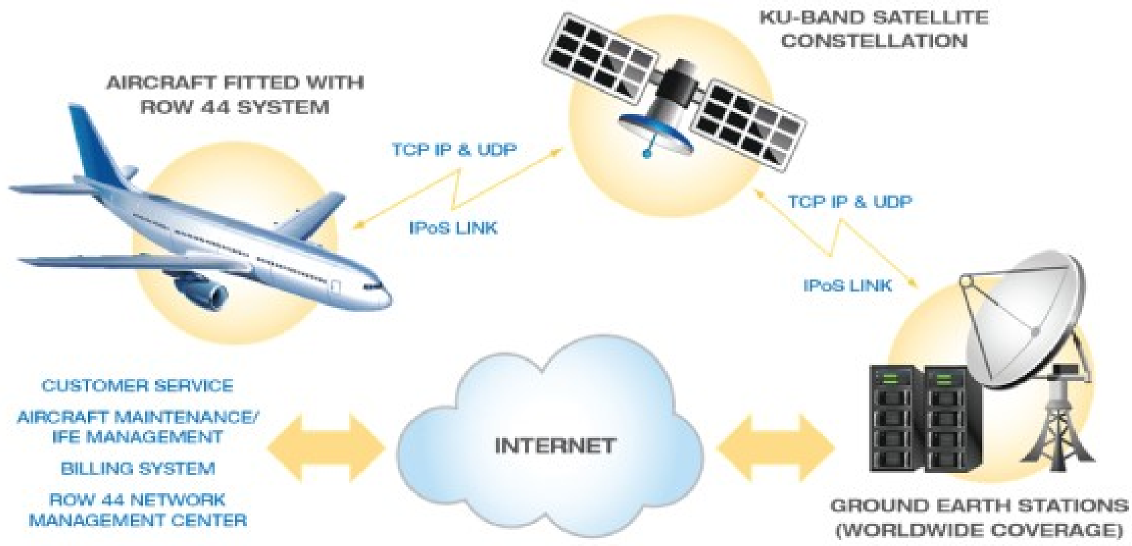
Software and Gaming

With over 150 airline customers and a catalog of over 180 game titles as of December 31, 2014, we believe we have the largest market share in international in-flight gaming content. Our creative teams work to produce casual games customized to suit the in-flight environment. We also acquire multi-year licenses from reputable game publishers to adapt third party branded games and concepts for in-flight use from partners such as Disney, EA, Popcap, Tetris, Namco Bandai, DK and Berlitz. Our Content services include cultural expertise to adapt the software we deliver to the language and cultural specificities of each airline customer's passenger demographics. In addition, our Content business develops software applications for the next generation of IFE systems, including interactive electronic menus and magazines.

Technology

AIRTIME LIVE™ Connectivity Solution

Our proprietary connectivity system, AIRTIME LIVE™, optimizes performance, features and user experience for an IFE system. A server, modem(s), wireless access points and related hardware are installed in the headliner of the interior cabin ceiling of an aircraft, while a satellite communications tracking antenna is mounted under a radome on the top of the aircraft's fuselage. The key system components of the AIRTIME LIVE™ platform are illustrated below:



For Wi-Fi connected services, the system works by enabling a passenger Wi-Fi accessible device connected to a wireless access point, or WAP, and authorized to use the service to send typical TCP/IP based communications to the WAPs in the aircraft cabin. The WAPs feed data to a single or multiple satellite modems that then utilize the specialized satellite antenna to point at a satellite in the AIRTIME LIVE™ network and transmit data to the satellite for relay to a ground earth station and then to the Internet. The responsive data from the Internet travels the same path in the opposite direction, ultimately returning to the passenger's device. To access content-on-demand and similar stored services, our on-board server delivers the applicable content wirelessly from solid state storage devices within the server to the passenger's device. For accessing live television, the live television signals are delivered in a continuous stream of data from our ground earth stations to each aircraft in the applicable coverage area. Passenger devices authorized to access the live television service do so through a connection to the same WAP used to deliver Wi-Fi connectivity. All of these services are monitored, maintained and controlled around the clock by our dedicated network operations center in Lombard, Illinois and by an additional network operation center maintained by Hughes Network Systems (or third parties under contract with Hughes) pursuant to service agreements with Hughes.

Close relationships with key industry operators like Hughes Network Systems have allowed us to develop a very sophisticated and reliable satellite based system. Hughes is a global broadband satellite network services company and has been the supplier of satellite and network services for our business since 2006. Hughes supplies us with satellite gateway and related network equipment and modem cards for use as part of our system. Hughes also (i) operates several network operations centers for monitoring and servicing the broadband system on a 24/7 basis, (ii) arranges for and provides us a terrestrial "back haul" link from its network operations centers to the Internet and (iii) arranges for the provision of satellite connectivity service for communications from aircraft equipped with our platform to and from the ground-based gateway. We currently are an exclusive recipient of Ku transmission services from Hughes within the field of broadband Internet connectivity to commercial aircraft in North America. In addition, on October 24, 2014, we entered into a long term agreement with SES, a global satellite service provider. We believe our relationships with Hughes and SES afford us unparalleled access to global leadership in satellite networks and services. SES's global reach within the satellite industry gives us a competitive advantage, and Hughes' turnkey network solutions and extensive network operations experience give us the power of a major network provider at a fraction of the cost of building out such infrastructure. Hughes and SES also have extensive satellite network design engineering and program management resources that we are able to leverage as needed.

Wireless In-flight Services and Entertainment Solution

During 2014, we began offering customers our WISE™ software solution. WISE™ is one of the latest Wi-Fi-based content and services delivery platforms for the airline industry. WISE™ software allows airlines to deliver content to a wide-variety of passenger mobile devices through a Wi-Fi system that is native and embedded into the aircraft itself or via a variety of add-on systems. WISE™ is designed to work in a non-connected environment and also is compatible with in-flight connectivity systems. The WISE™ software platform includes industry standard digital rights management (DRM) compatible with latest available airline available content and payment processing functionality. To date we have partnered with Rockwell Collins, Airbus, Honeywell and OnAir for delivery of the WISE™ solution to airline customers.

Beginning during the first half of 2015, we expect to launch AIRTIME and AIRSIDE™ software solutions. AIRTIME and AIRSIDE™ are non-connected, near time live wireless IFE systems for airlines. By logging onto each system, passengers will be able to access the latest VOD content through their personal Wi-Fi enabled devices without the potential for outside connectivity interruptions. Similar to the WISE™ platform, AIRTIME allows airlines to deliver newly released content through a Wi-Fi system and server that is native and embedded in the airplane. In addition, AIRTIME allows airline partners to refresh their content at each stop, providing near time live content updating capabilities. AIRSIDE™ allows airline passengers to download newly released content on their personal devices prior to boarding the plane or when checking in to their flights online.

We intend for our WISE™, AIRTIME and AIRSIDE™ products to serve as a lower cost alternative to our satellite Wi-Fi enabled services. We plan to offer these solutions with a wide-variety of features and services, including (i) the basic platform system, (ii) creative services for airline branding and customization of the base platform, (iii) content selection, processing and delivery services, (iv) application development and service delivery and (v) analytics services.

Other Intellectual Property

We have trademarked or service marked Row 44®, Giving Broadband Wings® as well as the Row 44 logo. In addition, we recently filed various trademarks or service marks applications related to certain ancillary products we intend to offer under the "Air" brand, including, "AIRSHOP", "AIRREAD", "AIRMEAL", "AIRDRIVE", "AIRTUNES" AND "AIRVIEW". We may use these marks or substitute marks for such products.

Customers

We currently deploy our Connectivity services worldwide to the airline industry, with customers located in North America, Southeast Asia, South Africa and Europe, including Russia and Iceland. We are currently under trials to install our Connectivity solution in aircrafts operated by Air China and Air France. For fiscal year 2014, our largest Connectivity airline customer was Southwest Airlines, which represented approximately 22% of our total consolidated revenue in 2014.

We provide Content curating and processing services to the airline, maritime, and non-theatrical industries globally. Our customers also include major Hollywood and international studios. As of December 31, 2014, we were the exclusive representative to many airlines for our Content services.

Competitive Advantages

We are developers, acquirers and distributors of satellite bandwidth entertainment, gaming and other media content and work closely with major and independent studios and other content producers. Accordingly, our significant operating and deal-making experience and relationships with companies in these industries gives us a number of competitive advantages and may present us with a substantial number of additional business targets and relationships to facilitate growth going forward. We believe that we have sustainable competitive advantages due to our market positions, technology and relationships with important content suppliers and airlines.

Connectivity

Our leading satellite-based broadband services allow us to connect airline passengers to the Internet and deliver live streaming television, stored content on demand and other related services over land and sea. Unlike competitive technologies such as air-to-ground GSM or Ka-band satellite solutions, our Ku-band satellite Wi-Fi platform is capable of being operated from gate-to-gate and over the majority of the commonly used air routes across the globe at data throughput levels required to deliver a feature-rich IFE experience. We also have an exclusive relationship with Hughes and another long term agreement with SES and have network operational footprints in North America, Europe and Russia today. These competitive advantages provide us the ability to more rapidly on-board and service new and existing airline customers regardless of where they fly.

In addition to regional expansion, we have the ability to rapidly expand our product offerings worldwide. We launched our live television and our texting services in the United States and expect to offer similar and other related services in additional markets. We also have programs in place offering gate-to-gate connectivity services in markets where this service is permitted. Targeting heavily air-trafficked regions allows us to leverage existing customers and add additional airline customers with little interruption to our base operations. Adding customers in areas with existing satellite coverage (utilized for launch customers) allows us to spread fixed costs associated with transponders over a larger network base.

We have dedicated Connectivity engineering resources, which enable us to deploy end-to-end solutions for our airline customers. Our engineering resources are able to assist our airline customers in obtaining necessary regulatory approvals such as the STCs, which permit our equipment to be installed and operated on the applicable aircraft type covered by the STC (regardless of airline operator). As we continue to obtain STCs on a wider variety of plane types, we will be able to leverage these STCs for more rapid deployment on new airline customers in the future on a more cost-effective and efficient basis.

Beginning in the second half of 2014, we began to work with The Boeing Company (“Boeing”) on line-fit installation feasibility for Boeing’s 737 and 787 plane types. In January 2015, Boeing approved our connectivity system provisions to be line-fit offerable on new Boeing 737 airplanes. By mid-2016, we believe we will achieve full line-fit installed capabilities from Boeing, whereby our equipment can be ordered by airlines pre-installed on new Boeing 737 and 787 airplanes.

Content

We are the leader in providing content and services to airlines around the world and across all continents. Our cultural expertise allows us to provide customized solutions to accommodate cultural and linguistic requirements in all key markets, across all airlines. We provide our content services to the vast majority of airlines in markets such as the Middle East, Asia and Europe, where demand for content tends to be stronger and airlines are more widely equipped with on-board IFE solutions. North American airlines have traditionally focused less on on-board IFE solutions, but there are signs of reinvestment and a shift towards providing a wider variety of IFE content on-board North American carriers in the coming years. More recently, we broadened our portfolio of content services by becoming a solution provider for advanced, interactive IFE hardware systems. The new IFE hardware systems provide the technological basis for turning the systems previously used only for the purpose of entertaining passengers into interactive passenger platforms that offer a variety of possibilities. In the IFE industry, this strategic development entails changing IFE into a total ‘‘passenger experience.’’ We intend to leverage our market position and technological know-how to participate in and take advantage of this cutting-edge development in IFE.

With the ability to offer the widest variety of content, games and related services, we provide our customers a wider variety of content options and more cost-effective content solutions.

Our Strategy

We believe that our combined Content and Connectivity offering is uniquely positioned to change the existing IFE content model and drive towards a synergized entertainment and commerce platform. Using portals created specifically for the in-flight audience, we provide Internet access, content-on-demand, and live television programming. Providing this rich content direct to passengers' own devices has created new opportunities for revenue from passengers on our customer airlines and from brand sponsorship.

Connectivity

We are seeking to aggressively to expand our connectivity solutions to customers worldwide, particularly outside of North America. We are strategically targeting markets with high populations and traffic density, having begun with North America and Europe, and more recently in Asia. Particularly in China, Southeast Asia, the Middle East and South America, we are seeking to gain early-entrant advantage with our satellite-based connectivity solutions.

Leverage Technology

We believe we have the most technologically advanced connectivity solution in the market today, and plan to continue to leverage this as we target expansion in new and emerging markets. The lack of a comparable connectivity solution in the market today creates a large opportunity for us, particularly with carriers who fly across international borders. With a proven connectivity solution in the US and Europe, we can continue to leverage our existing technology to expand our connectivity solutions globally, and capture market share in emerging markets such as Western Europe, China and the Middle East.

Continue Technological Evolution

We work continuously to improve existing systems and user interfaces, while also developing plans to remain at the forefront of the technology curve. We also expect to continue to develop better-performing components of our system, including components to better service long-haul carriers. Our strategic decision to develop key components and systems that interface with handheld devices enable our airline customers to stay on the cutting edge without completely replacing or having to invest in on-board entertainment systems.

In February 2015, we announced a joint development of new in-flight connectivity antenna with QEST Quantenelektronische Systeme GmbH, a leading developer of high performance antenna systems. The new global antenna will provide airlines with a high-speed in-flight connectivity solution that operates reliably at all latitudes, including equatorial regions, where Ku and/or Ku High Throughput Satellite (Ku HTS) coverage is available.

On October 24, 2014, we entered into an agreement with SES for the purchase of Ku-band and Ku-band High Throughput Satellite capacity on SES's fleet of current satellites and two new satellites SES expects to launch in late 2017 and early 2018, respectively.

Content

Supply-Chain Efficiency

We have attained critical mass in the IFE content market that will open up the possibilities of managing larger airline budgets, as well as providing a fully outsourced solution to our customers. We believe that this will lead to longer-term contracts and a wider variety of services. We have already demonstrated this throughout 2014 with new contracts awarded for more than five years and covering creative user interfaces and innovation as well as traditional content. The scale we now have in our post-production facilities and range in content rights management allows for a more efficient cost structure and to begin servicing newer, smaller and more remote airlines customers.

Increasing the Value of Traditional Content

We are the leading provider of IFE content and solutions to the airline industry. With a broad range of content solutions, we offer unparalleled services to our airline customers, as well as the ability to provide them with more cost-effective and outsourced solutions. Our ability to efficiently scale our post-production facilities and provide a range of content rights management to our customers is unmatched by our competitors. We believe that this will lead to expanded services with existing customers, and allow us to more rapidly expand our services to newer, smaller and more remote airlines customers.

Competition

Our Connectivity operating segment operates in a highly competitive environment. In addition to competition from other in-flight connectivity providers such as GoGo and OnAir, we also compete with other IFE service providers such as Thales and Panasonic Avionics. Other connectivity service providers use different technology, including air-to-ground mobile services, L-band satellite connectivity and Ka-band satellite connectivity, to provide connectivity to airlines as opposed to Panasonic Avionics which uses the same Ku-band connectivity services that we do. We believe Ku-band satellite services, and the introduction of Ku-HTS in the coming years, offer the best combination of worldwide availability, available high-speed bandwidth and cost versus competing technologies. In addition, our connectivity solutions are focused on delivering the best passenger experience, and provide a significant value difference when compared to existing solutions offered by our competition.

Our Content operating segment operates in a highly fragmented market. As of December 31, 2014, our combined Content operations service the majority of the content market for the worldwide airline industry. In addition to the overall fragmented market for our content and related services, we compete with other IFES leading providers including Spafax. We believe our state-of-the-art studio services offer unparalleled solutions to our airline and studio partners versus our competitors. In addition, we believe that our worldwide relationships with major airline carriers and Hollywood studios provide us a significant competitive advantage over our competition.

Government Regulation

As a participant in the global airline and global telecommunication industries we are subject to a variety of government regulatory obligations.

Federal Aviation Administration/European Aviation Safety Agency

Our Connectivity division’s primary product involves the installation of material hardware onboard commercial airliners. The installation of equipment on airliners is subject to the rules and regulations promulgated by the Federal Aviation Administration ("FAA") and its global counterparts, including the European Aviation Safety Agency ("EASA"). Prior to installing our equipment on an aircraft type, we are required to obtain a STC, which supplements the original Type Certificate obtained by the original aircraft manufacturer from the FAA/EASA and identifies the parts to be installed and the location of the installation and will only be issued by the FAA/EASA after we comply with any additional regulations for the installation of hardware such as ours (for example, bird strike regulation compliance). To date, we have obtained STCs for installing our connectivity solution hardware on the Boeing 737 Next Generation series of aircraft and the Boeing 757 and 777 aircraft types. We currently have additional STC projects underway and expect to obtain additional STCs throughout 2014.

Global AMSS Regulation

In order to operate our connectivity services, we are also required to obtain authorization in each jurisdiction over which we intend to provide our aero mobile satellite services (AMSS). In the USA, we obtained a license from the Federal Communications Commission (FCC) allowing us to provide AMSS services subject to compliance with various requirements imposed by the FCC. Certain other countries require affirmative licenses, however many countries require notification of intent to provide services and various technical details without the need for obtaining affirmative approval. To-date we are authorized to provide our AMSS connectivity services in over 150 countries.

Employees

As of December 31, 2014, we had 781 employees, 278 of whom are employed in the United States. None of our employees is represented by a labor union or is subject to a collective bargaining agreement. We believe that relations with our employees are good.

Segment Reporting and Geographic Information

For additional information regarding our segments, including information about our financial results by geography, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 2. Basis of Presentation and Summary of Significant Accounting Policies to our consolidated financial statements included in Item 15. Exhibits and Financial Statement Schedules.

Corporate History

Prior to January 31, 2013, we were known as Global Eagle Acquisition Corp., a Delaware corporation that was formed in February 2011 to effect a merger, capital stock exchange, asset acquisition or similar business combination with one or more businesses. In May 2011, we consummated an initial public offering. On January 31, 2013, we completed a business combination transaction (the "Business Combination") in which we acquired all of the outstanding capital stock of Row 44, Inc. ("Row 44") and 86% of the shares of Advanced Inflight Alliance AG ("AIA"), and changed our name to Global Eagle Entertainment Inc. Prior to the consummation of the Business Combination, we did not engage in any business except for activities related to our formation and related public financing.

Subsequent to the Business Combination, we acquired an additional approximately 8% of the shares of AIA in 2013, and the remaining 6% of the shares of AIA in April 2014 such that as of December 31, 2014, we owned 100% of the shares of AIA. Prior to April 2014, the shares of AIA's capital stock not owned by us were listed in the Regulated Market ("General Standard") of the Frankfurt Stock Exchange.

Our principal executive offices are located at 4553 Glencoe Avenue, Los Angeles, California, 90292.

Available Information

Our main corporate website address is www.geemedia.com. Copies of the Company's Quarterly Reports on Form 10-Q, Annual Report on Form 10-K and Current Reports on Form 8-K filed or furnished to the U.S. Securities and Exchange Commission (the "SEC"), and any amendments to the foregoing, will be provided without charge to any shareholder submitting a written request to the Secretary at the principal executive offices of the Company or by calling (310) 437-6000. All of the Company's SEC filings are also available on the Company's website at http://investors.geemedia.com/sec.cfm, as soon as reasonably practicable after having been electronically filed or furnished to the SEC. All SEC filings are also available at the SEC's website at www.sec.gov.

We also webcast our earnings calls and certain events we participate in or host with members of the investment community on the investor relations section of our corporate website. Additionally, we provide notifications of news or announcements regarding our financial performance, including SEC filings, investor events, and press and earnings releases on the investor relations section of our corporate website. Investors can receive notifications of new press releases and SEC filings by signing up for email alerts on our website. Further corporate governance information, including our board committee charters and code of ethics, is also available on our website at http://investors.geemedia.com/corporate-governance.cfm. The information included on our website, or any of the websites of entities that we are affiliated with, is not incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC, and any references to our website are intended to be inactive textual references only.

ITEM 1A. RISK FACTORS

Investing in our common stock involves substantial risks. In addition to the other information included in this Annual Report, the following risk factors should be considered in evaluating our business and future prospects. The risk factors described below are not necessarily exhaustive. You should also read the other information included in this Annual Report, including our financial statements and the related notes.

Risks Related to Our Connectivity Segment

We rely on one key customer for a substantial percentage of our Connectivity segment's revenue.

Our Connectivity segment is substantially dependent on its customer relationship with Southwest Airlines, which accounted for 83%, 72%, and 85% of our Connectivity segment's revenue for the years ended December 31, 2014, 2013 and 2012, respectively, and 24% of our consolidated revenue for the year ended December 31, 2014. Our existing agreement with Southwest Airlines governs our supply of products and services to Southwest Airlines, including our broadband equipment, Wi-Fi service in connection with the use of our broadband system, live television related services and certain additional contemplated services. In addition, a significant source of our revenue and operating income is generated from our television service with Southwest Airlines. See the risk factor below entitled "*We may be unsuccessful in generating revenue from live television, portal and content-on-demand services.*" If we fail to maintain certain minimum service level requirements related to our television service with Southwest Airlines, Southwest Airlines may terminate our agreement to provide them with such service. Similarly, if we fail to meet other obligations related to our technology, equipment or services, Southwest Airlines may have the right to terminate our agreement to provide them with such equipment or services. Our business would be materially adversely affected if Southwest Airlines terminates the television service or our agreement to provide them with equipment and services.

Our Connectivity segment has a limited operating history, which may make it difficult to evaluate our current business and predict our future performance.

Our Connectivity segment did not complete the first installation of our in-flight connectivity system until 2009 and did not begin to generate service revenue until 2010. The limited operating history of our Connectivity segment may make it difficult to accurately evaluate our potential growth and future performance, and the growth of our Connectivity segment since inception is not necessarily indicative of potential future growth. Any assessments of our Connectivity segment and predictions that we make about future success or viability may not be accurate. We have encountered and will continue to encounter risks and difficulties frequently experienced by companies growing in rapidly changing industries, and the size and nature of our market opportunity will change as we scale our business and increase deployments of our in-flight connectivity system.

We may face increased competition from next generation connectivity technologies.

Ka-band connectivity solutions are in the early stage of deployment on airlines and may offer increased benefits over certain of the types of services our Ku-band connectivity solution provides today. In addition, satellite providers are planning to launch new and more competitive bandwidth offerings, such as Ku-HTS, over the next few years. If airlines value these benefits, or our current or future connectivity technologies are not compatible with the new bandwidth offerings, we may be forced to invest in improving our product offering, including possibly by investing more in our current solution or adopting a new technology, to maintain our current connectivity customers and attract additional customers. Other next generation connectivity solutions, including so-called “ground-to-orbit” solutions have been announced that may also require us to take similar action.

Until recently, our Connectivity segment has incurred significant operating losses.

Prior to the second half of 2013, our Connectivity segment incurred significant operating losses since its inception in 2004, and it may not be able to generate sufficient revenue in future periods to generate operating income or positive cash flow. We also expect our Connectivity segment’s costs to fluctuate materially in future periods as we continue to invest resources in product development efforts, such as our line-fit initiative with Boeing and new antenna development with QEST, for new and existing customers and services, which could negatively affect our future operating results. We expect to continue to expend substantial financial and other resources as we continue to grow our Connectivity segment internationally, and increase our investments in satellite-based technologies and our product offering. The amount and timing of these costs are subject to numerous variables, including the availability and timing of certain next-generation technologies, such as Ku-HTS and other satellite technologies, timing of our connectivity system becoming line-fit on various Boeing aircraft types and with other major aircraft manufacturers, as well as the need and related costs to develop and implement changes to our software and hardware, the need and related costs to expand our service offerings to be competitive and, with respect to satellite technologies, the need and related costs of obtaining current and future satellite capacity.

We face limitations on our ability to grow our domestic Connectivity segment operations which could harm our operating results and financial condition.

Our ability to expand our Connectivity segment domestically at its current rate of growth is inherently limited by various factors, including the limited number of U.S. and foreign commercial airlines operating over our domestic coverage area and who have not already selected a connectivity partner or are otherwise available to sell our products and service, the number of planes operated by our current domestic customer which have not yet been connected and in which our connectivity system can be installed and the passenger capacity within each plane. The growth of our Connectivity segment may slow when compared to more recent results, to the extent that we have exhausted all substantial potential airline customers, and as we approach installation on full fleets and maximum penetration rates on all flights. We cannot provide assurance that we will be able to profitably expand the domestic market presence or establish new markets and, if we fail to do so, our business and results of operations could be materially adversely affected.

We may be unsuccessful in generating revenue from live television, portal and content-on-demand services.

We continue to develop and deploy a number of service offerings to deliver to our commercial airline customers.

Live Television

We currently offer up to 20 channels of live television service in the United States, and we intend to expand our live television service to our airline customers in Europe and elsewhere, although there can be no assurance that we will be successful in doing so or in generating meaningful revenue from that source of content abroad. In the U.S., our customer Southwest Airlines free live television on its aircraft, advertised as “TV Flies Free,” which was exclusively sponsored by Dish Network Corporation through December 31, 2014. We have been informed by Southwest Airlines that for 2015, it has obtained a level of sponsorship from JPMorgan Chase & Co. and is in discussions with additional sponsors for its free live television offering. The failure of Southwest Airlines to maintain historical “TV Flies Free” sponsorship levels, however, could have a material adverse impact on our Connectivity segment’s revenue, financial condition and results of operations. Additionally, if we are unable to replicate the live television sponsorship model with other airlines, or the take rate for a passenger fee-based live television model does not meet expected targets, our Connectivity segment’s ability to generate revenue growth in the future could be materially adversely affected.

Portal Services

We currently deploy several advertising based portal services such as Beats Music, a moving map with flight information and restore Wi-Fi Internet-based texting service onboard Southwest Airlines aircraft. We also intend to further develop and deploy additional Wi-Fi Internet portal services, which we believe will provide our Connectivity segment a substantial revenue opportunity in the near term. However, Wi-Fi portal services generate marginal revenue today. We cannot make any assurance that we will be successful in developing and deploying portal services in the future, maintaining current Wi-Fi portal services or that our ability to generate revenue from these services will match our expectations. If our portal services are not successful, our growth and financial prospects could be materially adversely impacted.

Content-on-demand

Separate from our content-on-demand offering as part of our live television services, we are also working to increase the number of on-demand movies and other content available on our Wi-Fi Internet connectivity system. The future growth prospects for our business depend, in part, on revenue from advertising fees and e-commerce revenue share arrangements on passenger purchases of goods and services, including video and media services. Our ability to generate revenue from these service offerings depends on the:

- growth of our Connectivity segment’s commercial airline customer base;
- attractiveness of our Connectivity segment’s customer base to media partners;
- deployment of live television and content-on-demand on more aircraft and with additional airline customers and increasing passenger adoption both in the U.S. and abroad;
- establishment and maintenance of beneficial contractual relationships with media partners whose content, products and services are attractive to airline passengers; and,
- ability to customize and improve our Connectivity segment’s service offerings in response to trends and customer interests.

If we are unsuccessful in generating revenue from our Connectivity segment’s service offerings, that failure could have a material adverse effect on our growth prospects, financial condition and results of operation.

We may be unsuccessful in expanding our Connectivity segment internationally, which could harm the growth of our business, operating results and financial conditions.

Our ability to expand our Connectivity segment internationally involves various risks, including the need to invest significant resources in unfamiliar markets and the possibility that there may not be returns on these investments in the near future, comparable to our recent financial results or at all. In addition, our Connectivity segment has incurred, and we expect to continue to incur, expenses before we generate any material revenue in these new markets. Recently, we began international connectivity trials with Air China and Air France. There is no assurance that either of these trials will result in a long-term profitable relationship with these customers. Our Connectivity segment’s ability to expand will also be limited by the demand for in-flight broadband Internet access in key international markets. Different privacy, censorship, aerospace and liability standards and regulations, governmental instability and political change and different intellectual property laws and enforcement practices in foreign countries may cause our business and operating results to suffer. Additionally, any failure to compete successfully in international markets could negatively impact our reputation and domestic operations.

Any future international operations, including our planned expansion into China, may fail to succeed due to risks inherent in foreign operations, including:

- different technological solutions for broadband Internet than those used in North America;
- varied, unfamiliar and unclear legal and regulatory restrictions;
- unexpected changes in international regulatory requirements and tariffs;
- unexpected changes in governmental or political structures in certain foreign countries;
- legal, political or systemic restrictions on the ability of U.S. companies to do business in foreign countries, including restrictions on foreign ownership of telecommunications providers or the establishment of economic sanctions by the U.S. affecting businesses such as ours;
- inability to find content or service providers to partner with on commercially reasonable terms, or at all;
- Foreign Corrupt Practices Act compliance and related risks;
- difficulties in staffing and managing foreign operations;
- currency fluctuations; and
- potential adverse tax consequences.

As a result of these obstacles, we may find it difficult or prohibitively expensive to grow our Connectivity segment internationally or may be unsuccessful in our attempt to do so, which could harm our future operating results and financial condition.

We are currently engaged in trials of our Connectivity solution on one aircraft operated by Air China and two aircraft operated by Air France in connection with each airline's choice of a connectivity provider. Failure to win Air China or Air France as a client could have an adverse impact on our plans to expand our services into China and throughout Europe.

We are currently under trial to install our Connectivity solution on aircrafts operated by Air China and Air France. The Air China trial commenced aboard a 777-200 aircraft in the second half of 2014, and will enable Air China's passengers to access the Internet and stored content on approved handheld devices, in accordance with applicable Chinese regulations. In addition, we also expect to commence a connectivity trial in partnership with telecommunications provider Orange on board two Air France aircraft in mid-2015. An expansion of our business into China will require us to comply with a number of foreign laws, rules and regulations with which we have limited prior experience. Our management team's lack of experience with these new requirements could increase the likelihood that we will inadvertently violate such a requirement, which could divert more of our resources and negatively impact our business. We cannot assure you that the trials with either Air China or Air France will be successful, which could mean that the costs incurred and resources expended in connection with these trials may not yield the expansion of our business that we have anticipated. Even if the trials with Air China and Air France are successful, we may not realize the benefits of the trial if we are unable to expand our business in China and Europe beyond the test aircrafts. We cannot assure you that this expansion will generate additional revenues or increase our profitability. Even if this expansion generates the benefits that we have anticipated, there may be other unforeseeable and unintended factors or consequences that occur as a result of the expansion, which could adversely impact our profitability and our business.

We rely on single service providers for certain critical components of, and services relating to, our satellite connectivity network.

We currently source key components of our hardware and key aspects of our connectivity services from sole providers of equipment and network services, respectively, including the satellite antenna sourced from TECOM Industries, Inc., or TECOM, and substantially all of our Connectivity segment's satellite transponder services from partners of Hughes Network Systems, LLC, or HNS. In addition we recently announced a new hardware satellite product development project with QEST, and a new satellite agreement with SES. While we have contracts in effect with these key component and service providers, if we experience a disruption in the delivery of products and services from any of these providers, it may be difficult for us to continue providing our own products and services to our customers. We have experienced component delivery issues in the past, and there can be no assurance that we will avoid similar issues in the future. Additionally, any loss of exclusivity that we have with our hardware providers today could eliminate our competitive advantage in the use of satellites for in-flight connectivity in the future, which could have a material adverse effect on our business and operations.

We depend upon third parties to manufacture our Connectivity segment's equipment components and to provide services for our network.

We rely on third-party suppliers for equipment components that we use to provide our connectivity services. The supply of third party components could be interrupted or halted by a termination of these relationships, a failure of quality control or other operational problems at such suppliers or a significant decline in their financial condition. If we are not able to continue to engage suppliers with the capabilities or capacities required by our Connectivity segment, or if such suppliers fail to deliver quality products, parts, equipment and services on a timely basis consistent with our schedule, our business prospects, financial condition and results of operations could be adversely affected.

Risks Related to Our Content Segment

The portion of our Content segment that is based on applications as part of in-flight entertainment has a limited operating history, which may make it difficult to evaluate our current business and predict our future performance.

We have developed applications to be used on more sophisticated in-flight entertainment hardware platforms as well as a wireless streaming solution to be used on planes without in-flight entertainment hardware. Our applications and wireless streaming solution are still in development phases and have limited operating histories. This makes it difficult for us to accurately evaluate the potential growth and future performance of the applications and wireless solution. Any assessments of our applications and wireless solution and predictions that we make about future success or viability may not be accurate. We have encountered and will continue to encounter risks and difficulties frequently experienced by companies expanding in new product development areas in rapidly changing industries, and the size and nature of our market opportunity will change as we scale our applications and wireless streaming solution.

The future financial performance of our Content segment may be dependent on our ability to continue to acquire new companies that positively affect our financial performance.

Historically, our Content segment's growth both in revenue and profits has been dependent on its ability to engage in acquisitions of companies inside or outside of its core industry. There can be no assurance that we will be able to continue to make additional acquisitions in the future, or that any future acquisitions will have a positive impact on our financial performance. If we are unable to make such acquisitions or if they are not successful from a financial performance perspective, this could have a negative impact on our financial condition and results of operations.

We may not accurately predict the profit margins of our Content segment with respect to its long-term fixed price contracts.

In some cases our Content segment has entered into multi-year, fixed-price delivery contracts with certain studios. These procurement contracts enable us to purchase content from certain studios during the respective terms of the contracts at a fixed purchase price, or through "flat deals". Adjustments of the previously agreed upon purchase price might be necessary in certain circumstances if there are significant changes the customer demand or content supply during the term of a given contract. If we are unable to make such adjustments accordingly, or if there is a shift in the customer base under such contracts, then there is a risk that the profit margins on our flat fee agreements may be smaller than predicted or even a loss, which could have a material adverse impact on our financial condition and results of operations.

Our Content segment is subject to ongoing tax audits that could result in additional tax payments or a reduction in tax loss carryforwards.

A comprehensive tax audit by the Canadian tax authorities of our Canadian subsidiary DTI Software for the tax years 2008, 2009, 2010 and 2011 is underway. More specifically, the Canadian tax authorities are currently investigating DTI's tax status in Dubai, United Arab Emirates, and whether income derived in Dubai should have been constituted taxable earnings subject to Canadian income tax for the tax years ended December 31, 2008, 2009, 2010 and 2011. We estimate the maximum Canadian income tax exposure for the taxable years 2008 through 2011 is approximately $3.6 million, including potential interest and penalties. We are currently investigating these claims and are not able to estimate the aggregate potential tax liability that could result for subsequent tax years after 2011. If the Canadian tax authorities attempt to assess similar penalties for tax years subsequent to 2011, we may be subject to significant historical tax obligations, including penalties and accrued interest. In addition, DTI claims certain tax credits in the course of the development of games and applications in Canada including tax credits that support multimedia, e-commerce and research and development in Canada. It is possible that Canadian tax authorities might come to a different conclusion concerning the respective amounts that DTI is able to claim. This could lead to an adjustment of the booked tax credits that could be material to our financial condition.

Our Content segment currently make claims for investment tax credits that are available in Canada to support multimedia, e-commerce and research and development in Canada, and any reduction in or elimination of government support for such tax credits would negatively impact our business and results of operations.

DTI Software makes claims for currently available tax credits in Canada in the course of its development of games and applications in Canada, including tax credits that support multimedia, e-commerce and research and development in Canada. If governmental authorities in Canada, and, in particular, in the province of Quebec, were to reduce or eliminate the amount of tax credits that are available in respect of these activities by DTI, then our tax liabilities would likely increase, and this would have a negative impact on our overall profitability.

On-board use of personal electronic devices may harm our Content segment.

Ever-increasing numbers of passengers have their own personal electronic devices which they might use to bring their own content such as movies, music or games with them on a flight or to access on-board connectivity to the Internet, live television or content on demand. This could decrease demand for our Content segment's in-flight offerings provided through seatback screens or other fixed on-board screens, which could have a material adverse effect on our financial condition and results of operation.

Many of our Content segment's products will have long sales cycles, which may cause us to expend resources without an acceptable financial return and which makes it difficult to plan our expenses and forecast our revenue. This could have a material adverse effect on our business.

Many of our Content segment's products have long sales cycles that involve numerous steps, including initial customer contacts, specification writing, software engineering design, software prototyping, pilot testing, device certification, regulatory approvals (if needed), sales and marketing and commercial manufacture, integration and delivery. During this time, we may expend substantial financial resources and management time and effort without any assurance that product sales will result. The anticipated long sales cycle for some of our Content segment's products makes it difficult to predict the quarter in which sales may occur. Delays in sales may cause us to expend resources without an acceptable financial return and make it difficult to plan expenses and forecast revenue, which could have a material adverse effect on our business.

Our Content segment may not retain or attract customers if we do not develop new products and enhance our current products in response to technological changes and competing products, or if our new or enhanced products do not gain market acceptance.

The in-flight entertainment market is faced with rapid technological change, evolving standards in computer hardware, software development, communications and security infrastructure, and changing needs and expectations of customers. Building new products and service offerings requires significant investment in development. A substantial portion of our Content segment's research and development resources are devoted to maintenance requirements and product upgrades that address new technology support. These demands put significant constraints on the resources that we have available for new product development. We also face uncertainty when we develop or acquire new products for our Content segment, because there is no assurance that a sufficient market will develop for those products.

We are exposed to foreign currency risks, and our lack of a formal hedging strategy could create losses.

Within our Content segment, currency risks arise from the fact that both sales to customers and purchasing are largely transacted in U.S. dollars, while most of our Content segment's operating companies' fixed costs are incurred in local currencies such as euros, British pounds and Canadian dollars. Historically, we have engaged from time to time in hedging transactions to counteract direct currency risks. However, we do not have a formal hedging strategy, and cannot guarantee that all currency risks have been or will be hedged in full. Severe currency fluctuations could also cause the hedging transactions to fail if agreed thresholds (triggers) are not met or exceeded. We therefore cannot preclude negative foreign currency effects in the future−some of which may be substantial−due to unforeseen exchange rate fluctuations and/or inaccurate assessments of market developments.

There are also intragroup receivables and liabilities in our Content segment, such as loans, that can generate significant foreign currency effects. Changes in the exchange rates of a number of foreign currencies against the euro, especially the U.S.

dollar and the Canadian dollar, could lead to the recognition of unrealized foreign exchange losses in some cases, particularly as a result of intragroup transactions. Therefore, our Content segment is exposed to a heightened currency risk in connection with intragroup borrowing owing to the foreign currency sensitivity exchange rate movements that are difficult to predict.

Our Content segment faces intense pricing pressure.

Pricing pressures from both our customers and studios are high in the content market. As a result, we may need to provide significant price concessions in connection with the frequent tenders in which we engage in order to acquire new customers or retain current customers. This may have a negative adverse effect on our revenue, profit, financial trends and results of operations.

We source our content from studios, distributors and other content providers, and any reduction in the volume of content produced by such content providers could hurt our Content segment by providing it with less quality content to choose from and resulting in potentially less attractive offerings for passengers.

We receive content from studios, distributors and other content providers, and, in some circumstances, we depend on the volume and quality of the content that these content providers produce. If studios, distributors or other content providers were to reduce the volume or quality of content that they make available to us over any given time period, whether because of their own financial limitations or other factors influencing their businesses, we would have less quality content to choose from, and our programmers would have more difficulty finding relevant and appropriate content to provide to our customers. This could negatively impact the passenger experience, which could, in turn, reduce the demand for our Content segment's offerings, which would have a negative impact on our revenue and results of operations.

Our revenue may be adversely affected by a reduction or elimination of the time between our receipt of content and the content being made more broadly publicly available to the rental or home viewing market.

We receive the content that we provide through our Content segment directly from studios, distributors and other content providers, and the timing is at the discretion of the content providers. Historically, we received content prior to such content being more broadly publicly distributed via rental viewing, retail stores or Internet streaming services. If a content provider delays release of certain content in a manner reducing or eliminating this "early window," our Content segment may not be able to generate as much revenue from such content as we could have generated with an earlier release date.

The revenue generated by our Content segment may be adversely affected by a reduction or elimination of use of our Content segment's services by competitors in the marketplace.

A portion of our Content segment's income is currently generated by the licensing of software and content and by the performance of content processing services for direct competitors, including other content service providers. If our competitors develop their own software and content acquisition and processing capabilities, our Content segment may be materially adversely affected.

Risks Related to our Technology, Intellectual Property and Government Regulation

Our Connectivity segment may suffer service interruptions or delays, technology failures or damage to its equipment.

Our reputation and ability to attract, retain and serve our commercial airline customers depends, in part, upon the reliable performance of our Connectivity segment's satellite transponder capacity, network infrastructure and connectivity system. The operations and services of our Connectivity segment depend upon the extent to which our equipment and the equipment of our third-party network providers is protected against damage from fire, flood, earthquakes, power loss, solar flares, telecommunication failures, computer viruses, break-ins, acts of war or terrorism and similar events. Damage to our networks could cause interruptions in the services that we provide through our Connectivity segment, which could have a material adverse effect on our service revenue, our reputation and our ability to attract or retain customers. Our Connectivity segment has experienced interruptions in these systems in the past, including component and service failures that temporarily disrupted users' access to the Internet, and we may experience further service interruptions, service delays or technology or systems failures, which may be due to factors beyond our control. If we experience frequent system or network failures, our reputation could be harmed and our airline customers may have the right to terminate their contracts with us or pursue other remedies, which could have a material adverse effect on our ability to attract and retain customers and our business, financial condition and results of operations.

Assertions by third parties of infringement, misappropriation or other violations by us of their intellectual property rights could result in significant costs and substantially harm our business, financial condition and results of operations.

In recent years, there has been significant litigation involving intellectual property rights in many technology-based industries, including the wireless communications industry. Any infringement, misappropriation or related claims, whether or not meritorious, are time-consuming, divert technical and management personnel and are costly to resolve. As a result of any such dispute, we may have to develop non-infringing technology, pay damages, enter into royalty or licensing agreements, cease providing certain products or services or take other actions to resolve the claims. These actions, if required, may be costly or unavailable on terms acceptable to us. Certain of our suppliers do not provide indemnity to us for the use of the products and services that these providers supply to us. At the same time, we generally offer third party intellectual property infringement indemnity to the customers of our Connectivity segment which, in some cases, do not cap our indemnity obligations and thus could render us liable for both defense costs and any judgments. Any of these events could result in increases in our operating expenses, limit our service offerings or result in a loss of business if we are unable to meet our indemnification obligations and our airline customers terminate or fail to renew their contracts.

On December 28, 2012, Advanced Media Networks, L.L.C. (“AMN”) filed suit in the United States District Court for the Central District of California against Row 44 and one of its customers which Row 44 had agreed to indemnify for allegedly infringing two of its patents and seeking injunctive relief and unspecified monetary damages. Row 44 is a direct subsidiary of the Company. In December 2014, Row 44 entered into a confidential settlement agreement with AMN pursuant to which AMN agreed to dismiss its claims against Row 44 and the other defendant with prejudice, and agreed not to sue Row 44 or its airline customers in the future for infringement of any patent currently owned by AMN or any related patent based on our products, services or systems, in exchange for us paying an immaterial amount and entering into a license agreement with AMN.

We are subject to civil litigation involving allegations of copyright infringement and related claims for indemnification, which could result in our having to pay damages or injunctive relief. We may also be subject to additional similar litigation in the future.

As discussed in Note 9. Commitments and Contingencies, to the consolidated financial statements included in this Annual Report, we have been and currently are subject to civil litigation by parties claiming that certain of our audio and music programming offerings infringe the copyright and other intellectual property rights of such parties. On May 6, 2014, UMG Recordings, Inc., Capital Records, Universal Music Corp and entities affiliated with the foregoing (collectively, “UMG”) filed suit in the United States District Court for the Central District of California against the Company and Inflight Productions Ltd. (“IFP”) for copyright infringement and related claims and unspecified money damages. IFP is a direct subsidiary of Global Entertainment AG, or GE AG, and an indirect subsidiary of the Company. As of December 31, 2014, the potential range of loss related to this matter cannot be determined. The parties have agreed to non-binding mediation of the case which is currently scheduled for April 1, 2015. On July 1, 2014, American Airlines, Inc. (“American”) filed suit in Texas State Court, Tarrant County, against IFP, and filed an amended complaint on October 29, 2014, seeking a declaration that IFP is obligated to defend and indemnify American against claims that UMG may assert against American for copyright infringement insofar as such claims arise out of American’s use of content provided by IFP during a limited period of time, and for breach of contract. On February 24, 2015, American was added as a defendant in UMG's case against the Company and IFP. The American lawsuit seeks unspecified money damages and liquidated damages, as well as attorney’s fees. The outcome of this matter is inherently uncertain and could have a material adverse effect on the Company’s business, financial condition and results of operations. We may in the future be subject to additional similar civil litigation involving copyright infringement, which could result in injunctive relief or our having to pay damages or claims for indemnification. We have incurred costs to defend and settle such lawsuits, and may incur additional costs in the future, and such costs may be material. We may also be subject to injunctive relief and our having to pay damages.

The use of open source software in our Connectivity segment could limit our ability to commercialize our technology.

Open source software is software made widely and freely available to the public in human-readable source code form, usually with liberal rights to modify and improve such software. Some open source licenses require as a condition of use that proprietary software that is combined with licensed open source software and distributed must be released to the public in source code form and under the terms of the applicable open source license. Accordingly, and depending on the manner in which such licenses are interpreted and applied, we could face restrictions on our ability to commercialize certain of the products of our Connectivity segment and could be required to (i) release the source code of certain of our proprietary software to the public, including to competitors; (ii) seek licenses from third parties for replacement software; and/or (iii) re-engineer our software in order to continue offering our products. Such consequences could materially adversely affect our business.

The failure of our Connectivity segment's equipment or material defects or errors in our software may damage our reputation or result in claims against us that exceed our insurance coverage, thereby requiring us to pay significant damages and impairing our ability to sell our connectivity service.

Our Connectivity segment's products contain complex systems and components that could contain errors or defects, particularly when we incorporate new technology. If any of our connectivity products are defective, we could be required to redesign or recall those products or pay substantial damages or warranty claims. Such events could result in significant expenses, disrupt sales and affect our reputation and that of our products. If our Connectivity segment's on-board equipment has a severe malfunction, or there is a problem with the equipment installation, which damages an airplane or impairs its on-board electronics or avionics, significant property loss and serious personal injury or death could result. Any such failure could expose us to substantial product liability claims or costly repair obligations. In particular, passenger jets operated by our airline customers are very costly to repair; therefore, the damages in any product liability claims could be material. Our insurance coverage may not be sufficient to fully cover the payment of any claims. A product recall or a product liability claim not covered by insurance could have a material adverse effect on our business, financial condition and results of operations. Further, we indemnify most of our airline customers for losses due to third-party claims and, in certain cases, the causes for such losses may include failure of our products.

The software underlying our connectivity services is inherently complex and may contain material defects or errors, particularly when the software is first introduced or when new versions or enhancements are released. We have from time to time found defects or errors in its software, and defects or errors in our existing software may be detected in the future. Any defects or errors, particularly those that cause interruptions to the availability of our connectivity services could result in:

- termination or failure to renew contracts by our airline customers;
- a reduction in sales or delay in market acceptance of our connectivity service;
- sales credits or refunds to our customers;
- governmental compliance requirements regarding customer privacy rights;
- loss of existing customers and difficulty in attracting new customers;
- diversion of development resources;
- harm to our reputation and brand image;
- increased insurance costs; and
- claims for substantial damages.

The costs incurred in correcting any material defects or errors in our software may be substantial and could have a material adverse effect on our financial condition and results of operation.

Regulation by United States government agencies, such as the FAA, which regulates the civil aviation manufacturing and repair industries in the United States, and the FCC, which regulates the U.S. telecommunications industry, may increase our costs of providing service or require us to change our services.

Our Connectivity segment is subject to various governmental regulations, including those regulations promulgated by various federal, state and local regulatory agencies and legislative bodies and comparable agencies outside the United States where we do, or in the future may do, business. The U.S. government agency that has primary regulatory authority over our operations is the Federal Aviation Agency, or the FAA. The commercial and private aviation industries, including civil aviation manufacturing and repair industries, are highly regulated by the FAA in the United States. FAA certification is required for all equipment that we install on commercial aircraft, and certain of our operating activities require that we obtain FAA certification as a parts manufacturer. FAA approvals required to operate our Connectivity segment include Supplemental Type Certificates, or STCs, and Parts Manufacturing Authority, or PMAs. Obtaining STCs and PMAs is an expensive and time-consuming process that requires significant focus and resources. Any inability to obtain, delay in obtaining, or change in, needed FAA certifications, authorizations, or approvals, could have an adverse effect on our ability to meet the installation commitments of our Connectivity segment, manufacture and sell parts for installation on aircraft, or expand our business and could, therefore, materially adversely affect our growth prospects, business and operating results. The FAA closely regulates many of our operations. If we fail to comply with the FAA's many regulations and standards that apply to our activities, we could lose the FAA certifications, authorizations or other approvals on which the manufacturing, installation, maintenance, preventive maintenance and alteration capabilities of our Connectivity segment are based. In addition, from time to time, the FAA may adopt new regulations or amend existing regulations, such as recently promulgated regulations with respect to random bird strike testing. The FAA could also change its policies regarding the delegation of inspection and certification responsibilities to private companies, which could adversely affect our business. To the extent that any such new regulations or amendments to existing regulations or policies apply to our activities, those new regulations or amendments to existing regulations would generally increase our costs of compliance.

In addition to the FAA, we are also subject to the rules and regulations of the Federal Communications Commission ("FCC"). As part of our authorization to commence providing satellite-based Wi-Fi connectivity services to aircraft, we obtained a license from the FCC that obligates us to comply with various requirements specifically identified in that license and with the general rules and regulations promulgated by the FCC. In addition, we agreed to cooperate with law enforcement agencies of the U.S. government to address specific concerns regarding providing connectivity to aircraft over the United States. Also, as a broadband Internet provider, we must also comply with the Communications Assistance for Law Enforcement Act of 1994, or CALEA, and similar laws in other countries, which require communications carriers to ensure that their equipment, facilities and services can accommodate certain technical capabilities in executing authorized wiretapping and other electronic surveillance. Currently, our CALEA solutions are deployed in our U.S. network and Western European network, but we nevertheless could be subject to an enforcement action by the FCC, other telecommunications regulators or law enforcement agencies for any delays related to meeting any current or future CALEA or similarly mandated law enforcement related obligations. Such enforcement actions could subject us to fines, cease and desist orders or other penalties, all of which could adversely affect our business. Further, to the extent that the FCC adopts additional capability requirements applicable to broadband Internet providers, its decision may increase the costs that we must incur to comply with such regulations.

Adverse decisions or regulations of these regulatory bodies could negatively impact our operations and costs of doing business. We are unable to predict the scope, pace or financial impact of regulations and other policy changes that could be adopted by the various governmental entities that oversee portions of our business.

Regulation by foreign government agencies may increase our costs of providing service or require us to change our services.

Our Connectivity segment is subject to regulations promulgated by various regulatory agencies and legislative bodies in foreign jurisdictions where we do, or in the future may do, business. These foreign bodies may require us to obtain certifications for equipment that we install on commercial aircraft, and certain of our operating activities may require that we obtain foreign regulatory certifications as a parts manufacturer. Obtaining these certifications could be an expensive and time-consuming process requiring significant focus and resources. Any inability to obtain, delay in obtaining, or change in, needed certifications, authorizations, or approvals, could have an adverse effect on our ability to meet the installation commitments of our Connectivity segment, manufacture and sell parts for installation on aircraft, or expand our business and could, therefore, materially adversely affect our growth prospects, business and operating results. Many of our operations are subject to regulation by a number of foreign regulatory agencies in multiple foreign jurisdictions. If we fail to comply with the many foreign regulations and standards that apply to our activities, we could lose the foreign certifications, authorizations or other approvals on which the manufacturing, installation, maintenance, preventive maintenance and alteration capabilities of our Connectivity segment are based. In addition, from time to time, the foreign bodies that regulate our activities may adopt new regulations, amend existing regulations or change their policies, all of which could adversely affect our business. To the extent that any such new regulations or amendments to existing regulations or policies apply to our activities, those new regulations or amendments to existing regulations would generally increase our costs of compliance.

If government regulation of the Internet, including e-commerce or online video distribution, changes, we may need to change the way we operate our Connectivity segment to a manner that incurs greater operating expenses, which could harm our results of operations.

The current legal environment for Internet communications, products and services is uncertain and subject to statutory, regulatory or interpretive change. Certain laws and regulations applicable to our Connectivity segment were adopted prior to the advent of the Internet and related technologies and often do not contemplate or address specific issues associated with those technologies. We cannot be certain that we, our vendors and media partners or our customers are currently in compliance with all applicable regulatory or other legal requirements in all of the countries in which our connectivity service is used. Our failure, or the failure of our vendors and media partners, customers and others with whom we transact business, to comply with existing or future legal or regulatory requirements could materially adversely affect our business, financial condition and results of operations. Regulators may disagree with our interpretations of existing laws or regulations or the applicability of existing laws or regulations to our business, and existing laws, regulations and interpretations may change in unexpected ways. For example, the FCC adopted regulations regarding net neutrality that, in certain situations, limit mobile broadband providers to “network management” techniques that are reasonable; however, the rules were struck down by the D.C. Circuit Court as outside the scope of the FCC’s regulatory authority. Although these rules are no longer in effect, the FCC has indicated it intends to implement similar network management limitations in the future, which, if deemed valid under the FCC’s authority, could adversely impact our ability to monitor and manage the network to optimize our users’ Internet experience.

We cannot be certain what positions regulators may take regarding our compliance with, or lack of compliance with, current and future legal and regulatory requirements or what positions regulators may take regarding any past or future actions that Connectivity segment has taken or may take in any jurisdiction. Regulators may determine that we are not in compliance with legal and regulatory requirements, and impose penalties, or we may need to make changes to our connectivity system, which could be costly and difficult. Any of these events would adversely affect our operating results and financial condition.

Risks Related to Our Business and Industry

For the years ended December 31, 2013 and 2014, our management concluded that our disclosure controls and procedures and our internal control over financial reporting were not effective due to the existence material weaknesses in our internal control over financial reporting during such periods. If we are unable to establish and maintain effective disclosure controls and internal control over financial reporting, our ability to produce accurate financial statements on a timely basis could be impaired, and the market price of our securities may be negatively affected.

In connection with our year-end audit, our management conducted an assessment of our disclosure controls and procedures and our internal control over financial reporting and concluded that they were both ineffective, due to the existence of a material weakness in our internal control over financial reporting, as described below. See Item 9A. Controls and Procedures. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected and corrected on a timely basis. In connection with the preparation of our financial statements for the year ended December 31, 2014, management identified a material weakness in our internal control over financial reporting consisting of design and operating ineffectiveness of information technology general controls ("ITGC") and the design and operating ineffectiveness of the manual controls around content revenue and corresponding cost of sales at certain subsidiaries of the Company.

For the steps we intend to take to remediate this material weakness, see Item 9A. Controls and Procedures. We may need to expend significant financial resources to remediate this material weakness.

For the year ended December 31, 2013, our management also concluded that our disclosure controls and procedures were not effective as of December 31, 2013 due to the existence of four material weaknesses in our internal control over financial reporting which were subsequently remediated during 2014 and we may not be able to remediate this material weakness or any future material weakness.

If we are unable to establish and maintain proper and effective disclosure controls and procedures and internal control over financial reporting, we may not be able to produce timely and accurate financial statements. If that were to happen, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our securities could decline, and we could be subject to sanctions or investigations by NASDAQ, the SEC or other regulatory authorities.

Our business is highly dependent on the airline industry, which itself is affected by many events that are beyond the control of the airlines. The highly competitive nature of the airline industry makes it extremely sensitive to economic conditions, both domestically and internationally.

Our business is directly affected by the number of passengers flying on commercial airlines, the financial condition of these airlines and related economic conditions and the general availability of air travel around the world. If consumer demand for air travel declines, or the number of aircraft and flights shrink, or air travel is severely disrupted in a key operating area, the number of passengers available to use our in-flight services and enjoy our delivered content will be reduced, which will have a material adverse effect on our financial condition and prospects. High unemployment rates, reduced consumer and business spending, recessionary conditions in the United States or Europe and terrorism are among the general economic and social conditions that adversely affect the airline industry. A general reduction or shift in discretionary spending can result in decreased demand for leisure and business travel and lead to a reduction in the number of airline flights offered, the number of passengers flying and the willingness of airlines to commit to spending funds on items such as our in-flight connectivity system. Each of our airline customers operates in an intensely competitive environment and constantly faces pressure on in-flight offerings and pricing of all aspects of air travel. These uncertain and, at times, unfavorable financial circumstances in the air travel industry could cause one or more of our commercial airline customers to reduce expenditures on passenger services, including the deployment of our in-flight connectivity system or content, which could have a material adverse effect on our business prospects and financial condition.

Uncertain global economic conditions could materially adversely affect our business and results of operations.

Our operations and performance are sensitive to fluctuations in general economic conditions, both in the U.S. and globally. The United States and the European Union recently expanded their sanctions against Russia which, among other things, increased the restrictions on sales of certain products, including aviation products and planes, to Russia and to specified restricted parties in or affiliated with Russia. Such sanctions have negatively affect the business that our two customers in Russia conduct with us and, in such case, may have a material adverse effect on our revenues, the realizability of our accounts receivables with such parties, and the results of our operations. For example, we recorded a one-time non-cash impairment provision during the fourth quarter of 2014 on certain accounts receivables owed for equipment shipped to a Russian customer in 2013 and the first half of 2014. At December 31, 2014, the Russian customer had a total outstanding accounts receivable balance of $4.1 million. While this customer has agreed in principle to a multi-year payment plan on these outstanding receivables beginning late in the first quarter of 2015, we believe that the recent trade sanctions imposed by the European Union and the United States on Russia may alone or in combination continue to adversely affect the collectability of such accounts receivable, and as a result we recorded a one-time impairment provision of $4.1 million during the fourth quarter of 2014. In addition, geopolitical instability in the Middle East as well as the continued volatility of the currency markets in the emerging economies could negatively impact the broader industrial economy, which could affect our revenues and results of operations.

If the benefits of any acquisition that we or any of our subsidiaries consummate do not meet the expectations of the marketplace, investors, financial analysts or industry analysts, our financial condition may be negatively affected and the market price of our securities may decline.

We may not realize the expected benefits of any acquisitions as rapidly as, or to the extent anticipated by, the marketplace, investors, financial analysts or industry analysts. Any such failure may have a material adverse impact on our financial condition, results of operations and stock price.

Subsequent to the consummation of any acquisition that we may consummate, we may be required to take write-downs or write-offs, restructuring and impairment or other charges that may have a negative effect on our financial condition and the market price of our securities.

Although we conducted due diligence in connection with the acquisitions of GE AG, Travel Entertainment Group Equity Limited and subsidiaries , or IFES, and Post Modern Edit, LLC and related entities, or PMG, we cannot assure you that this diligence revealed all material issues that may be present in GE AG's, IFES's or PMG's respective business, that it would be possible to uncover all material issues through a customary amount of due diligence, or that factors outside of our control will not later arise. Similarly, subsequent to the consummation of any future acquisition, regardless of any due diligence we may conduct, certain issues or risks may be revealed. As a result, we may be forced to later write down or write off assets, restructure operations, or incur impairment or other charges that could result in losses. Even if the due diligence that we conducted in connection with acquisitions that we have already consummated or that we consummate in the future successfully identifies certain risks, unexpected risks may arise and previously known risks may materialize in a manner not consistent with our preliminary risk analysis. Even though these charges may be non-cash items and not have an immediate impact on our liquidity, the fact that we report charges of this nature could contribute to negative market perceptions about us or our securities. Any such write-downs, write-offs, restructuring or charges could have a significant negative effect on our financial condition, results of operations and stock price.

Additional businesses or technologies we acquire could prove difficult to integrate, disrupt our ongoing business, dilute stockholder value or have an adverse effect on our results of operations.

In addition to the acquisitions that we consummated in 2013, we may engage in further acquisitions of businesses or technologies to augment our growth. Acquisitions involve challenges and risks in negotiation, execution, valuation and integration. Moreover, we may not be able to find suitable acquisition opportunities on terms that are acceptable to us. Even if successfully negotiated, closed and integrated, certain acquisitions may not advance our business strategy, may fall short of expected return-on-investment targets or may fail. In addition to the risks described above, any future acquisition could involve numerous additional risks, including:

- potential disruption of our ongoing business and distraction of management;
- difficulty integrating the operations and products of the acquired business;
- use of cash to fund the acquisition or for unanticipated expenses;
- limited market experience in new businesses;
- exposure to unknown liabilities, including litigation against the companies that we acquire;
- additional costs due to differences in culture, geographical locations and duplication of key talent;
- delays associated with or resources being devoted to regulatory review and approval;
- acquisition-related accounting charges affecting our balance sheet and operations;
- difficulty integrating the financial results of the acquired business in our consolidated financial statements;
- controls in the acquired business;
- potential impairment of goodwill;
- dilution to our current stockholders from the issuance of equity securities; and
- potential loss of key employees or customers of the acquired company.

In the event that we enter into any acquisition agreements, closing of the transactions could be delayed or prevented by regulatory approval requirements, including antitrust review, or other conditions. We may not be successful in addressing these risks or any other problems encountered in connection with any attempted acquisitions, and we could assume the economic risks of such failed or unsuccessful acquisitions.

We may be subject to litigation in connection with our acquisition in April 2014 of the remaining 6% shares of Global Entertainment AG (f/k/a AIA)

In April 2014, we completed the acquisition of the remaining 6% of the shares of GE AG that we didn't already own. We may be subject to claims of former stockholders of GE AG that the price we paid for their shares of GE AG was too low. If former stockholders of GE AG commence legal claims against us, we may be required to incur significant expenses defending these claims, which could have a material impact on our financial condition.

The failure to implement, as well as the completion and impact of, our restructuring efforts could adversely affect our business.

In September 2014, we announced our formal restructuring plan to streamline/improve operating procedures and generate synergies within our business. We expect these efforts to continue during the first half of 2015. These corporate realignment activities involve changes to many aspects of our business, including complex legal- and tax-related matters. In 2014, we incurred approximately $4.2 million in restructuring charges in connection with these efforts. We may incur costs and expend considerable resources in connection with this and/or any additional restructuring plans and these activities could distract our management and negatively impact our results of operations. We cannot assure you that we will be able to successfully implement this restructuring, which could mean that the costs incurred and resources expended in connection with our restructuring efforts may not yield the results that we anticipate. Even if we do successfully implement our restructuring, we may not realize the benefits that we anticipate from these efforts. We cannot assure you that the restructuring will result in cost savings or will materially increase our profitability. Even if the restructuring generates the benefits that we have anticipated, there may be other unforeseeable and unintended factors or consequences that occur as a result of the reorganization, which could have a material adverse impact on our financial condition and results of operation.

A future act or threat of terrorism or other events could result in a prohibition on the use of Wi-Fi enabled devices on aircraft.

A future act of terrorism, the threat of such acts or other airline accidents could have an adverse effect on the airline industry. In the event of a terrorist attack, terrorist threats or unrelated airline accidents, the industry would likely experience significantly reduced passenger demand. The U.S. federal government could respond to such events by prohibiting the use of Wi-Fi enabled devices on aircraft, which would eliminate demand for our in-flight equipment and services. In addition, any association or perceived association between our equipment or services and accidents involving aircraft on which our equipment or services operate would likely have an adverse effect on demand for our services. Reduced demand for our products and services would adversely affect our business prospects, financial condition and results of operations.

We may not be able to grow our business with our current airline customers or successfully secure new airline customers in the future, on favorable terms or at all.

We are constantly in negotiations and discussions with existing airline customers and potential new airline customers to either maintain or expand an existing contract or win a new contract. Negotiations with airline customers require a substantial amount of time, energy and resources, and there can be no assurance that we will be successful in maintaining existing customers or winning new customers. If any of our current airline customers or potential new airline customers do not view our product and service offerings as high-quality or cost-effective, or if we do not keep pace with innovation, our current and potential customers may choose to do business with our competitors. Unreliable service levels, uncompetitive pricing, lack of availability, security risk and lack of related features of our equipment and services are some of the factors that may adversely impact our ability to retain existing customers and partners and attract new and repeat customers. If consumers are able to satisfy their in-flight entertainment needs through activities other than broadband Internet access, at no or lower cost, they may not perceive value in our products and services.

Additionally, the terms of any future agreements with existing or new airline customers may be less favorable than the current agreements. We may ultimately fail in entering into agreements with additional commercial airlines on competitive terms, and that failure could harm our results of operations due to a diversion of resources, the actual costs of pursuing these opportunities and the inability to deploy committed satellite transponder space segments to additional airlines. To the extent that we are unable to secure new airline customers or that any of our future agreements with existing or new customers are not as favorable as our existing arrangements, our growth and financial prospects would be materially and adversely affected.

Increased costs and other demands associated with the growth of our business could impact our ability to achieve profitability over the long term and could strain our personnel, technology and infrastructure resources.

Anticipated future growth, including growth related to the broadening of our service offerings and international expansion of our business into new markets, could require the outlay of significant operating and capital expenditures and could place strains on our personnel, technology and infrastructure. Our success will depend, in part, upon our ability to contain costs with respect to growth opportunities. To successfully manage the expected growth of our operations in a timely and cost-effective manner, we will need to continue to improve our operational, financial, technological and management controls and our reporting systems and procedures. In addition, as we continue to grow, we must effectively integrate, develop and motivate a large number of new employees and must maintain the beneficial aspects of our corporate culture. If we fail to successfully manage the growth of our business, it could adversely affect our financial condition and results of operations.

Competition from a number of companies could result in price reduction, reduced revenue and a loss of market share, all of which could harm our results of operations.

In-flight entertainment is undergoing a sea change driven, first and foremost, by technical innovations. We face competition from land-based providers of broadband Wi-Fi services to commercial airlines and from other satellite-based broadband providers of Internet connectivity, live television, video on-demand services and content. In recent years, a number of new vendors have emerged with new technologies and new approaches, especially for the hardware systems that are built into aircraft. Competition from such providers has affected the prospects of our business and will continue to do so in the future, especially given the fact that there are a limited number of commercial airlines around the world. Some of our competitors are larger, more diversified companies with greater financial, marketing, production and research and development resources. As a result, these competitors may be better positioned to withstand the effects of periodic economic downturns, especially those that continue for extended periods of time. Competition within the in-flight broadband Internet access and in-cabin entertainment markets may also subject us to downward pricing pressures on our service and product offerings. Competition will likely increase our sales and marketing expenses and related customer acquisition costs. We may not have the liquidity, financial resources, technical expertise or marketing and support capabilities to compete successfully. Our failure to respond to established and new competitors could have a material adverse effect on our business and results of operations.

We may fail to recruit, train and retain the highly skilled employees that are necessary to remain competitive and execute the growth strategy of our business. The loss of one or more of our key personnel could harm our business.

Competition for key technical personnel in high-technology industries is intense. We believe that the future success of our business depends in large part on our continued ability to hire, train, retain and leverage the skills of qualified engineers and other highly skilled personnel needed to maintain and grow our satellite based broadband connectivity network and our Content segment. We may not be as successful as our competitors at recruiting, training, retaining and utilizing these highly skilled personnel. In particular, we may have more difficulty attracting or retaining highly skilled personnel during periods of poor operating performance. In addition, because of the widespread geographical locations of our business, we have a risk of migration of employees and poor retention rate. We may also encounter challenges in complying with foreign employment laws and regulations in our many international locations. Any failure to recruit, train and retain highly skilled employees or any failure to comply with applicable foreign employment laws and regulations could negatively impact our business and results of operations.

Our business depends on the continued service and performance of key personnel. Such individuals have acquired specialized knowledge and skills with respect to our segments and their operations. As a result, if any of these individuals were to leave, we could face substantial difficulty in hiring qualified successors and could experience a loss of productivity while any such successor obtains the necessary training and expertise. We do not maintain key man insurance on any of our officers or key employees. In addition, much of our key technology and systems are custom-made for our business by our personnel. The loss of key personnel, including key members of our management team, as well as certain of our key marketing or technology personnel, could disrupt our operations and have an adverse effect on our ability to grow our business.

Our corporate structure may create tax inefficiencies.

GE AG is our wholly-owned subsidiary and thus a controlled foreign corporation of the Company for U.S. federal income tax purposes. This organizational structure may create inefficiencies, as certain types of income and investments of GE AG that otherwise would not be currently taxable under general tax principles, may become taxable. In addition, distributions from the operating subsidiaries of GE AG may be subject to additional withholding tax and result in lower profits. We are in the process of implementing changes to streamline our corporate structure. By doing so, certain transactions in the restructuring could be taxable in the United States and Germany. We cannot presently predict the impact such restructuring may have on U.S. and foreign tax liability.

Risks Related to Our Indebtedness

We may not have sufficient cash flow from our business to make payments on our indebtedness.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness depends on our performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

We may incur substantially more debt or take other actions that would intensify the risks discussed above.

In addition to our convertible notes, we and our subsidiaries may incur substantial additional debt, subject to restrictions contained in our existing and future debt instruments, some or all of which may be secured debt. We will not be restricted under the terms of the indenture governing our convertible notes from incurring additional debt, securing existing or future debt, recapitalizing our debt or taking a number of other actions that are not limited by the terms of the indenture governing the notes that could have the effect of diminishing our ability to make payments on the notes when due. Our Loan and Security Agreement, dated as of December 22, 2014, with Citibank, N.A., or our Credit Agreement, restricts our ability to incur additional indebtedness, including secured indebtedness, but if the facility matures or is repaid, we may not be subject to such restrictions under the terms of any subsequent indebtedness.

We may not have the ability to repay the principal amount of our 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, and the agreements governing our future indebtedness may contain limitations on our ability to repurchase our convertible notes.

At maturity, the entire outstanding principal amount of our convertible notes will become due and payable by us. Upon the occurrence of a fundamental change or upon each of February 20, 2022, February 22, 2025 and February 22, 2030, holders of convertible notes will also have the right to require us to repurchase all or a portion of their convertible notes at a repurchase price equal to 100% of the principal amount of our convertible notes to be repurchased, plus accrued and unpaid interest, if any. In addition, upon conversion of our convertible notes, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of our convertible notes being converted. However, we may not have sufficient funds or be able to obtain financing at the time we are required to repay the principal amount of our convertible notes, make repurchases of our convertible notes or settle conversions of our convertible notes. In addition, our ability to repurchase our convertible notes may be limited by law, regulatory action or agreements governing our indebtedness. Furthermore, certain transactions or events that would give holders of our convertible notes, if issued, the right to put our convertible notes back to us or to convert our convertible notes with an increased conversion rate would constitute events of default under the Credit Agreement. Our failure to repay the principal amount of our convertible notes, repurchase convertible notes at a time when the repurchase is required by the indenture or to settle conversions of our convertible notes would constitute a default under the indenture. A default under the indenture or the fundamental change itself could also lead to a default under agreements governing our future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase our convertible notes or make cash payments upon conversion thereof.

The conditional conversion feature of our convertible notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of our convertible notes is triggered, holders of convertible notes will be entitled to convert our convertible notes at any time during specified periods at their option. If one or more holders elect to convert their convertible notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than cash in lieu of any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their convertible notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the notes as a current rather than long-term liability, which may result in a material reduction of our net working capital.

The accounting method for convertible debt securities that may be settled in cash could have a material adverse effect on our reported financial results.

Under Accounting Standards Codification 470-20, Debt with Conversion and Other Options, which we refer to as ASC 470-20, we are required to separately account for the liability and equity components of our convertible notes because they may be settled entirely or partially in cash upon conversion in a manner that reflects our economic interest cost. The effect of ASC 470-20 on the accounting for our convertible notes is that the equity component is required to be included in the additional paid-in capital section of stockholders' deficit on our consolidated balance sheet, and the value of the equity component would be treated as original issue discount for purposes of accounting for the debt component of our convertible notes. As a result, we will be required to record a greater amount of non-cash interest expense in current periods presented as a result of the amortization of the discounted carrying value of our convertible notes to their face amount over the term of our convertible notes. We will report lower net income in our financial results because ASC 470-20 will require interest to include both the current period's amortization of the debt discount and the instrument's coupon interest, which could adversely affect our reported or future financial results, the trading price of our common stock and the trading price of our convertible notes.

In addition, because our convertible notes may be settled entirely or partly in cash, under certain circumstances, our convertible notes are currently accounted for utilizing the treasury stock method, the effect of which is that the shares issuable upon conversion of our convertible notes are not included in the calculation of diluted earnings per share except to the extent that the conversion value of our convertible notes exceeds their principal amount. Under the treasury stock method, for diluted earnings per share purposes, the transaction is accounted for as if the number of shares of common stock that would be necessary to settle such excess, if we elected to settle such excess in shares, are issued. We cannot be sure that the accounting standards in the future will continue to permit the use of the treasury stock method. If we are unable to use the treasury stock method in accounting for the shares issuable upon conversion of our convertible notes, then our diluted earnings per share would be adversely affected.

Our substantial indebtedness may limit cash flow available to invest in the ongoing needs of our business.

We have a significant amount of indebtedness. After giving effect to the issuance of our convertible notes in February 2015, our total outstanding consolidated indebtedness as of December 31, 2014 would have been $83.7 million, net of fees. Furthermore, as of such date, we had $20.0 million of availability for additional borrowings under the Credit Agreement. The indenture governing our convertible notes does not limit our ability to incur indebtedness, and we could in the future incur additional indebtedness beyond such amount. Our substantial debt combined with our other financial obligations and contractual commitments could have significant adverse consequences, including:

- requiring us to dedicate a substantial portion of cash flow from operations to the payment of interest on, and principal of, our debt, which will reduce the amounts available to fund working capital, capital expenditures, product development efforts and other general corporate purposes;
- increasing our vulnerability to adverse changes in general economic, industry and market conditions;
- obligating us to restrictive covenants that may reduce our ability to take certain corporate actions or obtain further debt or equity financing;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we compete; and
- placing us at a competitive disadvantage compared to our competitors that have less debt or better debt servicing options.

We intend to satisfy our current and future debt service obligations with our existing cash and cash equivalents and marketable securities and funds from external sources. However, we may not have sufficient funds or may be unable to arrange for additional financing to pay the amounts due under our existing debt. Funds from external sources may not be available on acceptable terms, if at all. In the event of an acceleration of amounts due under our debt instruments as a result of an event of default, including upon the occurrence of an event that would reasonably be expected to have a material adverse effect on our business, operations, properties, assets or condition or a failure to pay any amount due, we may not have sufficient funds or may be unable to arrange for additional financing to repay our indebtedness or to make any accelerated payments.

If we do not comply with the provisions of our Credit Agreement, our lenders may terminate their obligations to us and require us to repay all outstanding amounts owed thereunder.

Our Credit Agreement contains provisions that limit our operating and financing activities, including financial covenants relating to liquidity, indebtedness and Adjusted EBITDA. If an event of default occurs and is continuing, the lenders may among other things, terminate their obligations thereunder and require us to repay all amounts thereunder. Depending on the amount of indebtedness we have drawn under our Credit Agreement, any such repayment obligation could have a material adverse impact on our financial condition and results of operation.

Our management team may invest or spend the proceeds of any financing that we complete in ways with which you may not agree or in ways which may not yield a significant return.

We recently completed a private offering of $82.5 million of our convertible notes. Our management has broad discretion over the use of proceeds from the private offering, and will have broad discretion over the use of proceeds from any financing that we complete in the future.. We intend to use the net proceeds of the private offering of convertible notes for working capital and general corporate purposes, including possible acquisitions, ongoing and future capital investments in new product development and technologies, and costs associated with expanding our customer base in new and emerging markets. However, because our management has considerable discretion in the application of the net proceeds of the private offering of convertible notes, such net proceeds may be used for corporate purposes that do not increase our operating results or enhance the value of our common stock. Furthermore, we cannot guarantee that the net proceeds from any financing that we complete in the future will be used for corporate purposes that increase our operating results or enhance the value of our common stock.

The fundamental change repurchase feature of the indenture governing our convertible notes may increase the price of or prevent an otherwise beneficial takeover attempt of us.

The indenture governing our convertible notes requires us to repurchase our convertible notes for cash upon the occurrence of a fundamental change of us and, in certain circumstances, to increase the conversion rate for a holder that converts its notes in connection with a make-whole fundamental change. A takeover of us may trigger the requirement that we repurchase our convertible notes and/or increase the conversion rate, which could make it more costly for a potential acquirer to engage in a combinatory transaction with us. Such additional costs may have the effect of preventing a takeover of us that would otherwise be beneficial to investors.

Conversion of our convertible notes may dilute the ownership interest of our existing stockholders, including holders who had previously converted their notes, or may otherwise depress the price of our common stock.

The conversion of some or all of our convertible notes will dilute the ownership interests of existing stockholders to the extent we deliver shares upon conversion of any of our convertible notes. Any sales in the public market of the common stock issuable upon such conversion or any anticipated conversion of our convertible notes into shares of our common stock could adversely affect prevailing market prices of our common stock. In addition, the existence of our convertible notes may encourage short selling by market participants because the conversion of our convertible notes could be used to satisfy short positions.

Risks Related to Our Common Stock

The interests of our largest stockholder may conflict with our interests and the interests of our other stockholders.

As of March 1, 2015, PAR Investment Partners, L.P., or PAR, beneficially owned approximately 38% of our outstanding shares of common stock. As a result, PAR may have the ability to influence the election of our directors and the outcome of corporate actions of the Company requiring stockholder approval, including amendments to our second amended and restated certificate of incorporation and approval of significant corporate transactions. This concentration of ownership may have the effect of delaying or preventing a change in control and might adversely affect the market price of our common stock. The interests of PAR may conflict with our interests or those of other stockholders.

Future sales of our common stock may cause the market price of our securities to drop significantly, even if our business is doing well.

The market price of shares of our common stock could decline as a result of sales of a large number of shares of our common stock in the market in the future, and the perception that these sales could occur may also depress the market price of shares of our common stock. We have registered for resale shares of our common stock held by stockholders owning a significant portion of our total outstanding shares, including the shares held by PAR which constitute approximately 38% of our outstanding common stock. We also have outstanding approximately, 1,770,364 stock options that are currently exercisable by the holders thereof. In connection with the public offering of common stock completed by certain stockholders of the Company in February 2015, our directors and officers and certain of our significant stockholders, including PAR, entered into lock-up agreements that will expire on May 9, 2015, unless extended pursuant to the terms of such lock-up agreements. Upon the expiration of the lock-up period, these stockholders will have the ability to sell large amounts of our stock in the open market or in privately negotiated transactions, which could have the effect of increasing the volatility in our stock price or putting significant downward pressure on the price of our stock or make it more difficult for us to raise additional capital through the sale of equity securities.

The market price of our securities may be volatile and may decline as a result of a number of factors, some of which are beyond our control.

The trading price of our securities could be volatile and subject to wide fluctuations in response to various factors, some of which are beyond our control. Any of the factors listed below could have a material adverse effect on an investment in our securities, and our securities may trade at prices significantly below the price that you paid for them. In such circumstances, the trading price of our securities may not recover and may experience a further decline.

Factors affecting the trading price of our securities may include:

- actual or anticipated fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;
- changes in the market’s expectations about our operating results;
- success of competitors;
- our operating results failing to meet the expectation of securities analysts or investors in a particular period;

- changes in financial estimates and recommendations by securities analysts concerning the Company, the market for in-flight entertainment, the airline industry, or the travel market in general;
- operating and stock price performance of other companies that investors deem comparable to us;
- our ability to market new and enhanced products on a timely basis;
- changes in laws and regulations affecting our business or our industry;
- commencement of, or involvement in, litigation involving the Company;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of shares of our common stock available for public sale;
- any major change in our board or management;
- sales of substantial amounts of common stock by our directors, executive officers or significant stockholders or the perception that such sales could occur; and
- general economic and political conditions such as recessions, interest rates, fuel prices, international currency fluctuations and acts of war or terrorism.

Broad market and industry factors may materially harm the market price of our securities irrespective of our operating performance. The stock market in general, and Nasdaq in particular, have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. As a result, the trading prices and valuations of these stocks, and of our securities, may not be predictable. A loss of investor confidence in the market for retail stocks or the stocks of other companies which investors perceive to be similar to us could depress our stock price regardless of our business, prospects, financial conditions or results of operations. A decline in the market price of our securities also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future.

Warrants currently exercisable for our common stock could significantly increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders.

Outstanding warrants purchasing an aggregate of 10,148,508 shares of our common stock are exercisable for a like number of shares of our common stock. The exercise price of these warrants is $11.50 per share. To the extent that such warrants are exercised, additional shares of our common stock will be issued, which will result in dilution to the holders of common stock of the Company and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market could adversely affect the market price of our common stock.

We may redeem your unexpired warrants prior to their exercise at a time that is disadvantageous to warrant holders, thereby making your warrants worthless.

We have the ability to redeem outstanding warrants at any time prior to their expiration, at a price of $0.01 per warrant, provided that the last reported sales price of the common stock equals or exceeds $17.50 per share for any 20 trading days within a 30 trading-day period ending on the third trading day prior to proper notice of such redemption, provided that on the date we give notice of redemption and during the entire period thereafter until the time that we redeem the warrants, we have an effective registration statement under the Securities Act covering the shares of common stock issuable upon exercise of the warrants and a current prospectus relating to them is available. A registration statement covering the shares of common stock issuable upon exercise of the warrants was declared effective by the SEC on August 22, 2013. If and when the warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. Redemption of the outstanding warrants could force you (i) to exercise your warrants and pay the exercise price therefor at a time when it may be disadvantageous for you to do so, (ii) to sell your warrants at the then-current market price when you might otherwise wish to hold your warrants or (iii) to accept the nominal redemption price which, at the time the outstanding warrants are called for redemption, is likely to be substantially less than the market value of your warrants.

We may amend the terms of our outstanding warrants sold as part of the units in our initial public offering in a manner that may be adverse to holders with the approval by the holders of at least 65% of such warrants then outstanding.

As of December 31, 2014, we had approximately 10.1 million warrants outstanding that were issued in registered form under a warrant agreement between American Transfer & Stock Company, LLC, as warrant agent. The warrant agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval by the holders of at least 65% of the then outstanding warrants sold as part of the units in our initial public offering to make any change that adversely affects the interests of the registered holders. Accordingly, we may amend the terms of the warrants in a manner adverse to a holder if holders of at least 65% of the then outstanding warrants sold as part of the units in our initial public offering approve of such amendment. Although our ability to amend the terms of the warrants with the consent of at least 65% of the then outstanding warrants is unlimited, examples of such amendments could be amendments to, among other things, increase the exercise price of the warrants, shorten the exercise period or decrease the number of shares of our common stock purchasable upon exercise of a warrant.

If securities or industry analysts cease publishing research or reports about the Company, our business, or our market, or if they change their recommendations regarding our common stock adversely, the price and trading volume of our common stock could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market, or our competitors. If insufficient securities or industry analysts cover us, our stock price and trading volume would likely be negatively impacted. If any of the analysts covering us change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, the price of our common stock would likely decline. If any analyst who covers us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Anti-takeover provisions contained in our second amended and restated certificate of incorporation and bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

Our second amended and restated certificate of incorporation and bylaws contain provisions that could have the effect of delaying or preventing changes in control or changes in our management without the consent of our board of directors. These provisions include:

- a classified board of directors with three-year staggered terms, which may delay the ability of stockholders to change the membership of a majority of our board of directors;
- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates.
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death, or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- the ability of our board of directors to determine to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that an annual meeting of stockholders may be called only by the chairman of the board of directors, the chief executive officer, or the board of directors, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- limiting the liability of, and providing indemnification to, our directors and officers;
- controlling the procedures for the conduct and scheduling of stockholder meetings;

- providing the board of directors with the express power to postpone previously scheduled annual meetings of stockholders and to cancel previously scheduled annual meetings of stockholders;
- providing that directors may be removed prior to the expiration of their terms by stockholders only for cause; and
- advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of the Company.

These provisions, alone or together, could delay hostile takeovers and changes in control of the Company or changes in our management.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the DGCL, which prevents some stockholders holding more than 15% of our outstanding common stock from engaging in certain business combinations without approval of the holders of substantially all of the Company's outstanding common stock. Any provision of our certificate of incorporation or bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

We may issue additional equity or convertible debt securities in the future, which may result in additional dilution to investors.

In February 2015, we issued $82.5 million aggregate principal amount of convertible notes and during the year ended December 31, 2014, we issued 4,227,187 shares of common stock in exchange for 12,682,755 outstanding warrants, as well as additional shares of common stock pursuant to awards made under our equity incentive plan. As a result of the issuance of common stock, there was dilution to our then existing shareholders. To the extent that any of the convertible notes are converted into shares of common stock or we need to raise additional capital in the future and we issue additional shares of common stock or securities convertible or exchangeable for our common stock, our then existing stockholders may experience dilution and the new securities may have rights senior to those of our common stock offered. In addition, to the extent we settle the conversion of the convertible notes with shares of our common stock, such conversion would be dilutive to our current stockholders. The conversion of a significant amount of our convertible notes, if settled in shares, could cause a decline in the market price of our common stock, which could adversely affect your ability to sell your shares in the market or our ability to raise capital in the future or both.

Lack of dividends may make our stock less attractive as an investment.

We intend to retain all future earnings for use in the development of our business. We do not anticipate paying any cash dividends on our stock in the foreseeable future. Accordingly, our stockholders may have to sell some or all of their common stock in order to generate cash flow from their investment. Our stockholders may not receive a gain on their investment when they sell their common stock and may lose some or the entire amount of their investment. In addition, stocks that pay regular dividends command higher market trading prices, and so our stock price may be lower as a result of our dividend policy. Any determination to pay dividends in the future will be at the discretion of our board of directors and will depend upon our financial condition, operating results, contractual restrictions, restrictions imposed by applicable law and other factors that our board of directors deems relevant.

Our ability to raise capital in the future may be limited.

Our business and operations may consume resources faster than we anticipate. In the future, we may need to raise additional funds through the issuance of new equity securities, debt or a combination of both. Additional financing may not be available on favorable terms, or at all. If adequate funds are not available on acceptable terms, we may be unable to fund our capital requirements. If we issue new debt securities, the debt holders would have rights senior to stockholders to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. If we issue additional equity securities, existing stockholders will experience dilution, and the new equity securities could have rights senior to those of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future securities offerings reducing the market price of our common stock and diluting their interest.

We are able to issue shares of preferred stock with greater rights than our common stock.

Our second amended and restated certificate of incorporation authorizes our board of directors to issue one or more series of preferred stock and set the terms of the preferred stock without seeking any further approval from our shareholders. Any preferred stock that is issued may rank ahead of our common stock in terms of dividends, liquidation rights or voting rights. If we issue preferred stock, it may adversely affect the market price of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not Applicable.

ITEM 2. PROPERTIES

Our principal properties at December 31, 2014 include:

Location	Property / Approximate Size	Use and Term	Function
Westlake Village, CA, USA	Building (6,880 square feet)	Leased office; termination date: 12/31/15	Corporate/Connectivity services
Marina Del Rey, CA, USA	Building Suite #210 (4,350 square feet)	Leased office; termination date: 5/17/17	Corporate/Content services
Marina Del Rey, CA, USA	Building Suite #300/305 (4,714 square feet)	Leased office; termination date: 5/3/17	Corporate/Content services
Marina Del Rey, CA, USA	Building Suite #205 (4,714 square feet)	Leased office; termination date: 5/1/15	Corporate/Content services
Lombard, Ill, USA	Building (10,195 square feet)	Leased office; termination date: 5/17/17	Connectivity R&D
Camarillo, CA USA	Hanger	Leased plane hanger; termination date: 7/31/15	Connectivity R&D and operations
Lake Forest, CA, USA	Building (2,192 square feet)	Leased office; termination date: 3/19/17	Content technical lab
Los Angeles, CA, USA	Building (10,000 square feet)	Leased office; termination date: 6/15/16	Content services
North Point, Hong Kong	Building (5,213 square feet)	Leased office; termination date: 6/30/15	Content services
Munich, Germany	Building (6,074 square feet)	Leased office; termination date: 2/28/15	Corporate
Amsterdam, Netherlands	Building (850 square feet)	Leased office; termination date: 12/31/15	Content services
Singapore, Southeast Asia	Building (7,100 square feet)	Leased office; termination date: 7/21/17	Content services
Dubai Media City, Dubai, United Arab Emirates	Building (1,543 square feet)	Leased office; termination date: 5/24/15	Content services
Dubai Media City, Dubai, United Arab Emirates	Building (1,543 square feet)	Leased office; termination date: 10/28/15	Content services
Mumbai, India	Building (3,300 square feet)	Leased office; termination date: 3/31/15	Content services
Duisberg, Germany	Building (4,704 square feet)	Leased office; termination date: 1/31/15	Content services
London, United Kingdom	Building (14,500 square feet)	Leased office; termination date: 3/24/16	Content services
Irvine, CA, USA	Building (22,000 square feet)	Leased office; termination date 6/30/20	Content technical lab

Vaughan, Ontario, Canada	Building (10,200 square feet)	Leased office; termination date: 12/31/17	Content services
Montreal, Canada	Building (700 square feet)	Leased office; termination date: 7/31/16	Content services
Manchester, United Kingdom	Building (13533 square feet)	Owned Building mortgage to be paid off in 2032	Content services
Madrid, Spain	Building (2,435 square feet)	Leased office; termination date: 1/31/17	Content services
Lake Forest, CA, USA	Building (14,510 square feet)	Leased office; termination date: 6/30/15	Content services
Beijing, China	Building 10 square meter	Leased office; termination date 8/31/2015	Connectivity
Lombard, 1000 Oak Creek Dr, IL	Building 18,304 square feet	Lease Office: end 2/28/25	Connectivity
Montreal, Canada	Building 22,244 square feet	Lease Office: end 6/30/25	Content services

ITEM 3. LEGAL PROCEEDINGS

Certain legal proceedings in which we are involved are discussed in Note 9. Commitments and Contingencies, to the consolidated financial statements included in Item 15. Exhibits and Financial Statement Schedules, and are incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Market Information

Our common stock is traded on the NASDAQ Capital Market (“NASDAQ”) under the symbol “ENT." Prior to February 1, 2013, our common stock traded on NASDAQ under the symbol “EAGL."

The following table sets forth, for the period indicated and on a per-share basis, the high and low sale prices of our common stock as reported by NASDAQ.

Year Ended December 31, 2014	High	Low
Fourth Quarter	$ 14.23	$ 9.61
Third Quarter	$ 13.88	$ 9.30
Second Quarter	$ 16.48	$ 9.37
First Quarter	$ 18.48	$ 14.23
Year Ended December 31, 2013	High	Low
Fourth Quarter	$ 16.30	$ 8.51
Third Quarter	$ 11.49	$ 7.82
Second Quarter	$ 10.49	$ 7.96
February 1 - March 31 (*ENT*)	$ 10.23	$ 8.11
January 1 - January 31 (*EAGL*)	$ 10.44	$ 9.83

Holders of Record

As of March 12, 2015, there were 76,932,261 shares of our common stock outstanding, which were held by approximately 88 stockholders of record, as reported by the our transfer agent. The number of holders of record does not include a substantially greater number of "street name" holders or beneficial holders of our common stock whose shares are held of record by banks, brokers and other financial institutions.

Dividend Policy

We have never declared or paid cash dividends on our common stock. We currently do not anticipate paying any cash dividends in the foreseeable future. Instead, we anticipate that all of our earnings on our common stock will be used to provide working capital, to support our operations and to finance the growth and development of our business. Any future determination to declare cash dividends will be made at the discretion of our board of directors and will depend on our financial condition, any limitations contained in agreements governing our indebtedness, results of operations, capital requirements, general business conditions and other factors that our board of directors may deem relevant.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

ITEM 6. SELECTED FINANCIAL DATA

Since Row 44 was the accounting acquirer in the Business Combination, the presented financial information for the years ended December 31, 2010, 2011 and 2012 reflects the financial information and activities only of Row 44. The presented financial information for the year ended December 31, 2013 includes the financial information and activities of Row 44 for the period January 1, 2013 to December 31, 2013 (365 days) as well as the financial information and activities of the Company and AIA for the period January 31, 2013 to December 31, 2013 (335 days), Post Modern Edit, LLC and related entities (PMG) for the period July 10, 2013 to December 31, 2013 (174 days) and Travel Entertainment Group Equity Limited and subsidiaries ("IFES") for the period October 18, 2013 to December 31, 2013 (74 days).

The consolidated statements of operations data for the years ended December 31, 2012, 2013 and 2014, and the consolidated balance sheet data as of December 31, 2013 and 2014, are derived from our audited consolidated financial statements included in Item 15. Exhibits and Financial Statement Schedules. The consolidated statements of operations for the years ended December 31, 2010 and 2011 as well as the consolidated balance sheet data as of December 31, 2010, 2011 and 2012 are derived from audited consolidated financial statements of Row 44 not included in this Annual Report on Form 10-K. In conjunction with the Business Combination on January 31, 2013, outstanding shares of Row 44, par value $0.0001 common stock were converted into Global Eagle par value $0.0001 common stock. As Row 44 was deemed the accounting acquirer in the Business Combination, the historical financial information for the years ended December 31, 2012, 2011 and 2010 reflects the financial information and activities only of Row 44 as the predecessor entity. The historical equity of Row 44 has been retroactively adjusted to reflect the equity structure of Global Eagle Acquisition Corp. ("GEAC"), using the respective exchange ratios established in the Business Combination, which reflects the number of shares GEAC issued to equity holders of

Row 44 at the Business Combination date. The retroactive revision of Row 44's equity as of January 1, 2010 includes Row 44's redeemable preferred stock, certain vested warrants and stock options had they been converted as of January 1, 2010, which is consistent with the terms of the transaction. Accordingly, all common and preferred shares and per share amounts for all periods presented in our consolidated financial statements and notes thereto relating to the periods covered in this Item 6 have been adjusted retrospectively, where applicable, to reflect the respective exchange ratios established in the Business Combination. For details on the Row 44 share conversion to Global Eagle common stock, refer to the Company's definitive proxy statement on Schedule 14A filed with the SEC on January 17, 2013.

The historical results presented below are not necessarily indicative of financial results to be achieved in future periods, and certain prior year amounts have been reclassified to conform to the current year presentation. The following selected consolidated financial data should be read in conjunction with Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 10-K (in thousands):

	Year ended December 31,				
	2014	2013	2012	2011	2010
Revenue	387,735	259,722	$ 69,210	33,637	14,588
Operating expenses:					
Cost of Sales	281,873	197,938	76,897	35,947	17,814
Sales and marketing expenses	13,287	10,330	3,935	3,129	1,573
Product development	23,010	9,068	2,646	3,392	4,529
General and administrative	77,773	70,629	14,534	9,552	6,038
Amortization of intangible assets	24,552	17,281	34	25	24
Restructuring charges	4,223	—	—	—	—
Total operating expenses	424,718	305,246	98,046	52,045	29,978
Loss from operations	(36,983)	(45,524)	(28,836)	(18,408)	(15,390)
Other income (expense):					
Interest income (expense), net	88	(2,417)	(10,368)	(233)	—
Change in fair value of derivatives	(6,955)	(63,961)	(3,576)	—	—
Other expense, net	(2,770)	(1,000)	(23)	(60)	(3,667)
Loss before income taxes	(46,620)	(112,902)	(42,803)	(18,701)	(19,057)
Income tax provision	10,574	1,839	—	—	—
Net loss	(57,194)	(114,741)	(42,803)	(18,701)	(19,057)
Net income attributable to noncontrolling interests	194	290	—	—	—
Net loss attributable to Global Eagle Entertainment Inc. common stockholders	(57,388)	(115,031)	(42,803)	(18,701)	(19,057)
Net loss attributable to common stock per share - basic and diluted. (1)	$ (0.78)	$ (2.17)	$ (2.24)	$ (1.35)	$ (1.50)
Weighted average number of common shares outstanding - basic and diluted (1), (2)	73,300	53,061	19,148	13,883	12,736

Consolidated Balance Sheet Data:	Year ended December 31, 2014	2013	2012	2,011	2010
Cash and cash equivalents and marketable securities	$ 197,648	$ 258,796	$ 2,088	$ 8,810	$ 3,489
Working capital	$ 155,598	$ 176,121	$ (3,799)	$ (11,654)	$ 15,140
Total assets	$ 533,595	$ 578,883	$ 29,437	$ 23,931	$ 18,491
Long term liabilities	$ 46,654	$ 39,577	$ 3,111	$ 2,703	$ 2,257
Total stockholders' equity (deficit)	$ 312,629	$ 356,184	$ 1,417	$ (9,147)	$ 6,797

(1) Basic income (loss) per share is computed by dividing the net income (loss) attributable to common stockholders by the weighted average number of common shares outstanding during the period. For all periods presented, all potentially dilutive common shares comprising of stock options and warrants are anti-dilutive.

(2) On January 31, 2013 and in conjunction with the Business Combination, Row 44 common stock $0.0001 par value was converted into Global Eagle Entertainment Inc. common stock par value $0.0001. Immediately prior to the Business Combination, Row 44's proportional adjustment to the existing conversion ratios for each series of preferred stock outstanding was effected in January 2009. Accordingly, all share and per share amounts for all periods presented have been adjusted retrospectively, where applicable, to reflect the stock conversion retrospectively to January 1, 2010.

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

Cautionary Note Regarding Forward-Looking Statements

We make forward-looking statements in this Annual Report on Form 10-K and the documents incorporated by reference herein within the meaning of the Securities Litigation Reform Act of 1995. These forward-looking statements relate to expectations or forecasts for future events, including without limitation our earnings, revenues, expenses or other future financial or business performance or strategies, or the impact of legal or regulatory matters on our business, results of operations or financial condition. These statements may be preceded by, followed by or include the words “may,” “might,” “will,” “will likely result,” “should,” “estimate,” “plan,” “project,” “forecast,” “intend,” “expect,” “anticipate,” “believe,” “seek,” “continue,” “target” or similar expressions. These forward-looking statements are based on information available to us as of the date of this Annual Report on Form 10-K and on our current expectations, forecasts and assumptions, and involve substantial risks and uncertainties. Actual results may vary materially from those expressed or implied by the forward looking statements herein due to a variety of factors, including: our ability to integrate our acquired businesses, the ability of the combined business to grow, including through acquisitions which we are able to successfully integrate, and the ability of our executive officers to manage growth profitably; the ability of our customer Southwest Airlines to maintain a sponsor for its “TV Flies Free” offering and our ability to replicate this model through other sponsorship alliances; the outcome of any legal proceedings pending or that may be instituted against us, our subsidiaries, or third parties to whom we owe indemnification obligations; changes in laws or regulations that apply to us or our industry; our ability to recognize and timely implement future technologies in the satellite connectivity space, including GSM and Ka-band system development and deployment; our ability to capitalize on investments in developing our service offerings, including our long-term project with QEST to develop global antenna technologies; significant product development expenses associated with our long-term line-fit initiatives; our ability to deliver end-to-end network performance sufficient to meet increasing airline customer and passenger demand; our ability to obtain regulatory approval on a timely basis for the use of our equipment on aircraft; our ability to obtain and maintain international authorizations to operate our service over the airspace of foreign jurisdictions our customers utilize; our ability to expand our service offerings and deliver on our service roadmap; our ability to timely and cost-effectively identify and license television and media content that passengers will purchase; a decrease in the media content onboard IFE systems and/or the discontinuance of the use of IFE systems indefinitely due to the emergence and increase in the use of hand-held personal devices by airline passengers; general economic and technological circumstances in the satellite transponder market, including access to transponder space in capacity limited regions and successful launch of replacement transponder capacity where applicable; our ability to obtain and maintain licenses for content used on legacy installed IFE systems; the loss of, or failure to realize benefits from, agreements with our airline partners; the loss of relationships with original equipment manufacturers or dealers; unfavorable economic conditions in the airline industry and economy as a whole; our ability to expand our domestic or international operations, including our ability to grow our business with current and potential future airline partners or successfully partner with satellite service providers, including Hughes Network Systems and SES; our reliance on third-party satellite service providers and equipment and other suppliers, including single source providers and suppliers; the effects of service interruptions or delays, technology failures, material defects or errors in our software, damage to our equipment or geopolitical restrictions; the result of ongoing tax audit that could result in reduction of tax carryforwards; the limited operating history of our connectivity and in-flight television and media products; costs associated with defending pending or future intellectual property infringement actions and other litigation or claims; increases in our projected capital expenditures due to, among other things, unexpected costs incurred in connection with the roll out of our technology roadmap or our international plan of expansion; fluctuation in our operating results; the demand for in-flight broadband Internet access services and market acceptance for our products and services; our ability to generate sufficient cash flow to make payments on our indebtedness; our incurrence of additional indebtedness in the future; our ability to repay the convertible notes at maturing or to repurchase the convertible nets upon a fundamental chance or at specific repurchase dates; the effect of the conditional conversion feature of the convertible notes; our compliance with the covenants in our Credit Agreement; and other risks and uncertainties set forth herein. We do not undertake any obligation to update forward-looking statements as a result of as a result of new information, future events or developments or otherwise.

The following discussion and analysis of our business and results of operations for the twelve months ended December 31, 2014, and our financial conditions at that date, should be read in conjunction with the financial statements and the notes thereto included elsewhere in Item 15 of this Annual Report on Form 10-K. As used herein, "Global Eagle Entertainment," "GEE," "the Company," "our," "we," or "us" and similar terms include Global Eagle Entertainment Inc. and its subsidiaries, unless the context indicates otherwise.

Overview of the Company

We are a leading full service provider of connectivity and content to the worldwide airline industry. Our principal operations and decision-making functions are located in North America and Europe. We manage and report our businesses in two operating segments: Connectivity and Content. Our operating results are regularly reviewed by the chief operating decision maker in our Connectivity and Content operating segments, principally to make decisions about how we allocate our resources and to measure our segment and consolidated operating performance. We currently generate a majority of our revenue through the licensing of content and the sale of network equipment to airlines, and to a lesser extent through our Wi-Fi and Content services to the airline industry. Our chief operating decision maker regularly reviews revenue and contribution profit on a segment basis, and results of operating expenses and pre-tax income or loss for each of our operating segments in order to gain more depth and understanding of the key business metrics driving our business. Accordingly, we report these segments separately.

For the years ended December 31, 2014, 2013, and 2012, we reported revenue of $387.7 million, $259.7 million and $69.2 million, respectively. For the years ended December 31, 2014, 2013, and 2012, our Content operating segment accounted for 72%, 70% and 0% of our total revenue, respectively, and our Connectivity operating segment accounted for 28%, 30% and 100%, respectively. For the years ended December 31, 2014, 2013, and 2012, one airline customer, Southwest Airlines, accounted for 24%, 22% and 85% of our consolidated revenues, respectively.

2014 Transactions

In April 2014, the Company completed the purchase of the remaining 6.0% of the outstanding shares of AIA not already owned by us for an aggregate cash consideration of approximately $21.7 million, including approximately $0.6 million of transaction costs.

In September 2014, we announced our plan to improve operational efficiencies, which includes closure of our German-based operations and facilities, centralization of our international financial operations and realignment of our international and U.S. tax structure (the “Plan”). Through December 31, 2014, we incurred approximately $4.2 million in restructuring charges under the Plan, and we expect to incur an additional $0.5 million to $1.0 million during the first half of 2015 to complete the Plan. We may incur additional integration expenses beyond the Plan in 2015, including additional professional fees and personnel costs, as we continue to integrate our operations. We expect the results of our Plan and any additional integration efforts to generate significant cost savings in 2015 and beyond.

In August 2014, the Company purchased substantially all the assets of Purple Inflight Entertainment Private Ltd. (“Purple”) in exchange for approximately $0.5 million in cash. In addition, the Company was obligated to make an additional payment to the shareholders of Purple of $0.2 million contingent upon the renewal of the terms of certain supplier's contract, which occurred in December 2014. The Company acquired the assets of Purple to further expand its leadership in delivering Indian-based content. While we believe that a part of the future revenue growth in our content business will come from increased licensing of foreign-based content, there is no guarantee that our customers will purchase more foreign-based content in the future.

Basis of Presentation

This analysis is presented on a consolidated basis. In addition, a brief description is provided of significant transactions and events that have an impact on the comparability of the results being analyzed. Due to our specific situation, the presented financial information for the years ended December 31, 2012 and 2013 is only partially comparable to the financial information for the year ended December 31, 2014. Through our Business Combination consummated on January 31, 2013, Row 44 was deemed the accounting acquirer in the presented financial information for the years ended December 31, 2012 and prior reflects the financial information and activities of Row 44 only. The presented financial information for the year ended December 31, 2013 includes the financial information and activities of Row 44 for the period January 1, 2013 to December 31, 2013 (365 days) as well as the financial information and activities of GEE and other acquisitions made in fiscal 2014, which include AIA for the period January 31, 2013 to December 31, 2013 (335 days), PMG for the period July 10, 2013 to December 31, 2013 (174 days) and IFES for the period October 18, 2013 to December 31, 2013 (74 days). This lack of comparability needs to be taken into account when reading the discussion and analysis of our results of operations and cash flows. Furthermore, the presented financial information for the year ended December 31, 2013 also contains other one-time costs that are directly associated with the Business Combination such as professional fees to support the Company's new and complex legal, tax, statutory and reporting requirements following the Business Combination.

Opportunities, Challenges and Risks

For the years ended December 31, 2014 and 2013, we derived the majority of our revenue through the licensing and related services from our Content operating segment, and secondarily from Wi-Fi Internet service and the sale of equipment to airlines from our Connectivity operating segment. For the years ended December 31, 2014 and 2013, the vast majority of our equipment and Wi-Fi Internet service revenues were generated by two airlines, Southwest Airlines and Norwegian Air Shuttle.

We believe our operating results and performance are driven by various factors that affect the commercial airline industry, including general macroeconomic trends affecting the travel industry, trends affecting our target user base, regulatory changes, competition and the rate of passenger adoption of our services, as well as factors that affect Wi-Fi Internet service providers in general. Growth in our Content and Connectivity operating segments is principally dependent upon the number of airlines that implement our services, our ability to negotiate favorable economic terms with our customers and partners, and the number of passengers who use our services. Growth in our margins is dependent on our ability to manage the costs associated with implementing and operating our services, including the costs of licensing and distributing content, equipment and satellite service. Our ability to attract and retain new and existing customers will be highly dependent on our abilities to implement our services on a timely basis and continually improve our network and operations as technology changes and as we experience increased network capacity constraints as we continue to grow.

As technology continues to evolve, we believe that there are opportunities to expand our services by adding more content in a greater variety of formats. Currently, our Content and Connectivity operating segments are separate platforms; however, we believe there is an opportunity to diversify our revenue long-term by cross leveraging these services, including offering a greater variety of premium paid content across our Connectivity platform. For example, we acquired AIA, PMG and IFES in 2013 to accelerate our paid premium content opportunity. During 2014, we developed a system, WISETM, that enables airlines to provide in-cabin Wi-Fi delivery of content to airline passengers hand-held personal devices. Our first implementation of WISETM launched on a commercial airline during the second quarter of 2014. Conversely, the evolution of technology presents an inherent risk to our Content and Connectivity operating segments. Today, we see large opportunities to expand our connectivity services in parts of the world where we will need to make substantial investments to improve our current service offerings. As a result, we recently entered into a long-term development project with QEST to develop new global antenna technologies, and expect to make significant product development investments to our existing connectivity technology solutions over the next twelve to eighteen months to address these opportunities. Our Connectivity platform also utilizes leading satellite Ku-band systems and equipment today; however, with the introduction and evolution of more competitive technologies such as GSM and Ka-band satellite solutions, our current technology may become obsolete, too expensive and or outdated. On October 24, 2014, we entered into an agreement with SES for satellite capacity starting in the first half of 2015 and continuing for ten years after the launch of a Ku-HTS satellite SES recently ordered. The agreement with SES will provide us with global satellite coverage and the ability to participate in future technology improvements in Ku-band satellite solutions. In February 2015, we modified the terms of our current agreements with SES and Hughes to formalize a satellite capacity ordering structure whereby the Company will order SES-sourced satellite capacity through Hughes and Hughes will provide satellite performance and satellite coverage evaluation services to the Company. However, there is no guarantee that our existing or future satellite providers or solutions will be adequate to address our competitors, and as a result we may lose customers to our competitors who offer more technologically evolved and or less costly connectivity systems in the future. Lastly, the future growth in our Content operating segment relies heavily on our airline customers continuing to utilize onboard IFE systems for their passengers to watch media content. With the emergence and increased use of hand-held personal devices by airline passengers, our airline customers may decide to decrease the media content onboard IFE systems, and/or discontinue the use of IFE systems indefinitely. This would adversely impact the future growth of our Content operating segment.

The use of our connectivity equipment on our customer’s planes is subject to regulatory approvals, such as a Supplemental Type Certificate, or “STC” that are imposed by agencies such as the Federal Aviation Agency (“FAA”) and the European Aviation Safety Agency (“EASA”). The costs to obtain an STC can be significant, and vary by plane type and customer location. As of December 31, 2014, we have STCs to operate our equipment on several plane types, including Boeing’s 737 next generation family and the Boeing 757 family. In 2014, we began work on an STC for Air China’s Boeing 777, which we recently obtained an STC on, and Air France’s Airbus ("A320"), the costs of which have been in excess of $3.0 million as of December 31, 2014. While we believe we will be successful in obtaining the Air France STC approval, there is a risk that neither the FAA nor EASA will approve this STC on a timely basis, if at all, and as a result, it could negatively impact our growth, relationships, and ability to deploy our future connectivity services with these or other customers. To partially address the risk and costs of obtaining STCs in the future, we recently signed an agreement with Boeing to commence the process for offering our connectivity equipment on a line-fit basis for Boeing’s 737 MAX and 787 models, and recently our Connectivity equipment became provisions offerable on new Boeing 737 airplanes. We also expect to undertake similar line-fit initiatives with other plane manufacturers such as Airbus in the near term. As a result, we expect to incur significant product development expenses over the next twelve to eighteen months as we invest in these long-term line-fit opportunities, which we believe will improve our long term ability to onboard our connectivity equipment on new plane types in a more scalable and cost-effective manner.

We are significantly dependent on certain key suppliers. Through December 31, 2014, our Connectivity operating segment purchased its satellite bandwidth from a single supplier, Hughes, which also provides us with certain equipment and servers required to deliver the satellite stream, rack space at the supplier's data centers to house the equipment and servers and network operations service support. We also purchase radomes, satellite antenna systems and rings from single suppliers. Any interruption in supply from these significant vendors could have a material impact on our ability to provide connectivity services to airline customers.

The growth of our Content segment is based upon a number of factors, including the growth of IFE systems, our customers demand for content and games, the general availability of content to license from our studio partners, pricing from our competitors and our ability to manage the underlying economics of content licensing by-studio. Due to the acquisitions of AIA, PMG and IFES throughout 2013, our Content segment revenue growth in 2014 as compared to 2013 was significant and not necessarily comparable between the two periods. As a result, we do not expect our Content segment to grow at the same historical levels in 2015 as compared to 2014. While we do believe that the amount of IFE systems and customer demand for content and games will continue to grow in the foreseeable future, we do expect the overall growth in our Content segment to be more consistent with the overall IFE market growth in the near term.

Our consolidated cost of sales, the largest component of our operating expenses, can vary from period to period, particularly as a percentage of revenue, based upon the mix of the underlying equipment and service revenues we generate. In the near term, we expect that the growth from our Connectivity segment will improve our overall operating margins. As a result, we expect that our costs of sales as a percentage of our revenue will continue to improve throughout 2015 as compared to 2014.

In July 2013, our customer Southwest Airlines announced “TV Flies Free” under which Southwest Airlines passengers using Internet-ready personal devices have free access to live television and up to 75 on-demand shows on the airline's more than 400 Wi-Fi-enabled aircraft powered by us. TV Flies Free initially was exclusively sponsored by DISH Network Corporation through December 31, 2014. We have been informed by Southwest Airlines that for 2015, it has obtained a level of sponsorship from JPMorgan Chase & Co. and is in discussions with additional sponsors for its free live television offering. A significant amount of the revenue we generate from the TV Flies Free program is indirectly provided by the program’s sponsor. Should sponsorship revenue not be available to Southwest Airlines from third parties, Southwest Airlines is under no contractual obligation to offer free access to live television and on-demand shows to its passengers. As a result, there can be no assurance that we will continue to receive the same level of revenues from Southwest Airlines, and Connectivity service revenue in future periods may fluctuate accordingly.

In connection with our Business Combination in the first quarter of 2013, we assumed approximately $22.0 million of accrued expense obligations and incurred an incremental $12.0 million in one-time fees associated with the transaction. We incurred approximately $3.5 million of additional operating expenses in the fourth quarter of 2013 related to the addition of personnel, professional fees and systems to build our infrastructure to support our public company compliance and certain corporate alignment initiatives in the latter half of 2013. In 2014, factors such as these constrained our operating margin growth as we increased our investments in new business initiatives, such as restructuring efforts under our Plan and other integration activities of our 2013 acquisitions of AIA, PMG and IFES to support future growth. Thus, in September 2014, we announced our Plan, and we expect to realize significant cost savings from the Plan throughout 2015. In addition and in the first half of 2015, we expect to initiate further integration savings activities that we believe will help us to further accelerate our operating margin in 2015 and beyond.

For the years ended December 31, 2014 and 2013, a substantial amount of our Connectivity revenue was derived from airlines located in the United States. While our Connectivity revenue is primarily generated through airlines based in the United States today, we believe that there is an opportunity in the longer term for us to significantly expand our Connectivity operating segment's service offerings to airlines based in countries outside of the United States. In 2014, we announced partnerships in Europe with Orange and with China Telecom Communications Co., LTD and IP Star International PTE Limited, an affiliate of Thaicom, to jointly work to expand our Connectivity services within the broader Asia and European markets. We plan to further expand our Connectivity operations internationally to address these opportunities. Moreover, and as we expand our business further internationally in places such as the Middle East and Latin America, we may incur significant incremental upfront expenses associated with these growth opportunities.

Key Components of Consolidated Statements of Operations

The following briefly describes certain key components of revenue and expenses as presented in our consolidated statements of operations.

Revenue

Our revenue is derived from our Connectivity and Content operating segments.

Connectivity Segment

We currently generate our Connectivity revenue through the sale of equipment and through our Wi-Fi Internet and related service offerings. Our equipment revenue is based on the sale and corresponding support of our connectivity equipment to our commercial airline customers. Our service revenue is based on the fees paid by airlines and/or airline passengers for the delivery of in-flight services, such as Internet access and live television, and to a lesser extent from revenue sharing arrangements with commercial airlines for Internet based services used by their passengers, such as shopping.

Where we enter into revenue sharing arrangements with our customers, and we act as the primary obligor, we report the underlying revenue on a gross basis in our consolidated statements of operations, and record the revenue-sharing payments to our customers in costs of sales. In determining whether to report revenue gross for the amount of fees received from our customers, we assess whether we maintain the principal relationship, bear credit risk and have latitude in establishing prices with the airlines.

Included in our Connectivity service revenue are periodic service level credits, which vary from airline to airline and are based on the contracted service levels we provide over any given period.

Content Segment

A significant amount of our Content revenue is generated from licensing of acquired and third party media content, video and music programming, applications, and video games to the airline industry, and secondarily from services ranging from selection, purchase, production, customer support and technical adjustment of content in connection with the integration and servicing of IFE programs. Our Content licensing revenue is based upon individual licensing agreements with the airlines to deliver and air content over specified terms. Content services revenue, such as technical services, the encoding of video products, development of graphical interfaces or the provision of materials, is priced on specific services contracted for and recognized as services are performed.

Operating Expenses

Operating expenses consist of cost of sales, sales and marketing, product development, general and administrative, and amortization of intangible assets. Included in our operating expenses are stock based compensation and depreciation expenses associated with our capital expenditures.

Cost of Sales

Connectivity Segment Cost of Sales

Connectivity segment cost of sales consists of the costs of our equipment and services.

Equipment. Equipment costs of sales are substantially comprised of the costs paid to procure our equipment for services. Equipment costs are principally comprised of the costs we pay to third parties to facilitate our equipment orders, and are originally classified as inventory on our balance sheet upon receipt of goods. Upon sale, equipment costs of sales are recorded when title and risk of loss pass to the customer, which is aligned with our equipment revenue recognition. As we near the completion of equipping the Southwest Airlines fleet for our services throughout 2015 and 2016, we expect that equipment sales and the corresponding equipment costs of sales will continue to decline in the near term as compared to 2014.

Services. Service costs of sales principally consist of the costs of satellite service and support, revenue recognized by us and shared with others as a result of our revenue-sharing arrangements, Internet connection and co-location charges and other platform operating expenses including depreciation of the systems and hardware used to build and operate our platform; and personnel costs related to our network operations, customer service and information technology. As we continue to build out our Connectivity services platform and expand our satellite coverage globally, we anticipate that our service costs will increase when compared to historical periods. Our services cost of sales are dependent on a number of factors, including the amount of satellite coverage and bandwidth required to operate our services and the number of partners we share our corresponding revenue with.

Content Segment Cost of Sales

Content segment cost of sales principally consists of licensing fees paid to acquire content rights for the airline industry, and to a lesser extent service and personnel costs to support our Content business.

Sales and Marketing

Sales and marketing expenses consist primarily of sales and marketing personnel costs, sales support, public relations, advertising, marketing and general promotional expenditures. Fluctuations in our sales and marketing expenses are generally the result of our efforts to support the growth in our businesses, including expenses required to support the expansion of our direct sales force. We currently anticipate that our sales and marketing expenses will continue to increase in the near term as a percent of revenue as we continue to grow our sales and marketing organizations and invest in marketing activities to support the growth of our businesses.

Product Development

Product development expenses consist primarily of expenses incurred in our software engineering, product development and web portal design activities and related personnel costs. Fluctuations in our product development expenses are generally the result of hiring personnel to support and develop our platform, including the costs to further develop our Connectivity segment platform, timing and scope of our STC efforts, new connectivity product offerings, expenses associated with line-fit offerability and network operations. We currently anticipate that our product development expenses will increase in the near term, and more significantly in 2015, as we continue to hire more product development personnel and further develop our products and offerings to support the growth of our business. However, in 2015, we expect our product development expense as a percentage of revenue to be comparable to 2014.

General and Administrative

General and administrative expenses consist primarily of personnel costs from our executive, legal, finance, human resources and information technology organizations and facilities related expenditures, as well as third party professional fees, insurance and bad debt expenses. Professional fees are largely comprised of outside legal, accounting audit, information technology consulting and legal settlements. For the year ended December 31, 2014, we incurred approximately $8.3 million relating to non-recurring fee for legal settlements and related reserves in the period that pertain to historical matters that existed at acquired companies prior to their purchase date. For the year ended December 31, 2014, our bad debt expense was approximately $5.5 million due to the impairment of certain accounts receivables owed for Connectivity equipment and services to a Russian customer who was adversely impacted in late 2014 by the recent trade sanctions on Russia. During the first quarter of 2013, we incurred approximately $12.0 million in one-time professional fees associated with the Business Combination. For the second half of 2013, we experienced increased personnel costs and professional fees related to merger and acquisition activities, including the acquisitions of PMG and IFES in July and October 2013, respectively and our efforts to support public company compliance and efforts to create synergies between our businesses. As we continue to optimize our cost structure, we anticipate general and administrative expenses will decrease in 2015 when compared to historical periods.

Amortization of Intangibles

The Company determines the appropriate useful life of intangible assets by performing an analysis of expected cash flows based on its historical experience of intangible assets of similar quality and value. We expect amortization expense to fluctuate in the near term as we increase identifiable intangible assets acquired in the PMG and IFES acquisitions in the second half of 2013. Amortization as a percentage of revenue will depend upon a variety of factors, such as the amounts and mix of our identifiable intangible assets acquired in business combinations.

Stock-based Compensation

Included in our operating expenses are expenses associated with stock-based compensation, which are allocated and included in costs of sales, sales and marketing, product development and general and administrative expenses as necessary. Stock-based compensation expense is largely comprised of costs associated with stock options granted to employees and certain non-employees including directors and consultants. We record the fair value of these equity-based awards and expense at their cost ratably over related vesting periods. In addition, stock-based compensation expense includes the cost of warrants to purchase common and preferred stock issued to certain non-employees.

As of December 31, 2014, we had approximately $13.5 million of unrecognized employee related stock-based compensation, net of estimated forfeitures, which we expect to recognize over a weighted average period of approximately 2.78 years. Stock-based compensation expense is expected to increase throughout 2015 as compared to 2014 as a result of our existing unrecognized stock-based compensation and as we issue additional stock-based awards to continue to attract and retain employees and non-employee directors.

Restructuring

During the third quarter ended September 30, 2014, we implemented a plan to improve operational efficiencies, which included the closure of our German-based operations and facilities, centralization of its international financial operations, and realignment of its international and U.S. tax structure (the "Plan"). During the three months ended September 30, 2014 and in conjunction with the Plan, we committed to a reduction in force. As of September 23, 2014, we communicated the reduction to affected employees. We anticipate that the Plan will substantially be complete by the first half of 2015.

Through December 31, 2014, we recorded restructuring charges of $4.2 million. We currently estimate that we will incur an additional total of $0.5 million to $1.0 million of restructuring charges in connection with the Plan for total restructuring charges of $4.7 million to $5.2 million, including:

(1) We estimate that it will incur total expenses relating to employee termination benefits, which primarily include severance and transitional-related expenses, of approximately $2.7 million, all of which represents cash expenditures. Of this amount, we expect to record $0.2 to $0.4 million in the first quarter of 2015.

(2) In connection with the closure of our German operations pursuant to the Plan, we disposed of approximately 11,000 square feet of leased facilities in Duisburg and Munich, Germany, representing approximately 6% of its global facilities square footage. We expect to incur approximately $0.5 million in the aggregate facilities disposal charges pursuant to the Plan, beginning in the three months ended September 30, 2014 and throughout the first half of 2015.

(3) Beginning in the third quarter of 2014 through the first half of 2015, we anticipate incurring periodic restructuring expenditures in an aggregate amount of $1.5 million to $2.0 million, comprised of legal and professional fees associated with the execution of the Plan.

We expect that substantially all remaining restructuring actions, discussed above, will be completed and the related estimated costs incurred through the first half of 2015.

Other Income (Expense)

Other income (expense) principally consists of changes in the fair value of our derivative financial instruments, interest on outstanding debt associated with our foreign notes payable and interest earned on cash balances and short-term investments, income or loss from our equity-method investments and certain unrealized transaction gains and losses on foreign currency denominated assets and liabilities. We typically invest our available cash balances in money market funds and short-term United States Treasury obligations. We expect our transaction gains and losses will vary depending upon movements in underlying currency exchange rates, and could become significant in 2015 with the expected improvement in the U.S. dollar against foreign currencies such as the Euro and Canadian dollar. In addition and with the completion of our convertible debt offering in February 2015, we expect interest income (expense) to increase in 2015 as compared to 2014.

Provision for Income Taxes

Since our inception, we have been subject to income taxes principally in the United States, and more recently with the acquisition of AIA in January 2013, PMG in July 2013, and IFES in October 2013, in other countries where we have a legal presence, including Germany, the United Kingdom, the Netherlands, Canada, China, India, Hong Kong and the United Arab Emirates. We anticipate that as we continue to expand our operations outside the United States, we will become subject to taxation based on the foreign statutory rates and our effective tax rate could fluctuate accordingly.

Income taxes are computed using the asset and liability method, under which deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

We currently believe that based on the available information, it is more likely than not that some of our deferred tax assets will not be realized, and accordingly we have recorded a valuation allowance against certain of our federal, state and foreign deferred tax assets. As of December 31, 2014 and 2013, we had approximately $128.4 million and $102.2 million of federal and $64.8 million and $58.9 million, respectively, of state operating loss carry-forwards available to offset future taxable income which expire in varying amounts beginning in 2026 for federal and 2015 for state purposes if unused. Federal and state laws impose substantial restrictions on the utilization of net operating loss and tax credit carry-forwards in the event of an "ownership change," as defined in Section 382 of the Internal Revenue Code of 1986, as amended, or the Internal Revenue

Code. Currently, we expect the utilization of our net operating loss and tax credit carry-forwards in the near term to be affected by certain limitations placed on these carry-forwards as a result of our previous ownership changes with PAR, our largest stockholder.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

We believe that the assumptions and estimates associated with our revenue recognition, accounts receivable and allowance for doubtful accounts, capitalization and useful lives associated with our intangible assets, including our internal software and website development and content costs, income taxes, derivative financial instruments, stock-based compensation and the recoverability of our goodwill and long-lived assets, have the greatest potential impact on our consolidated financial statements. Therefore, we consider these to be our critical accounting policies and estimates.

Revenue Recognition

We recognize revenue when four basic criteria are met: persuasive evidence of a sales arrangement exists; performance of services has occurred; the sales price is fixed or determinable; and collectability is reasonably assured. We consider persuasive evidence of a sales arrangement to be the receipt of a signed contract. Collectability is assessed based on a number of factors, including transaction history and the credit worthiness of a customer. If it is determined that collection is not reasonably assured, revenue is not recognized until collection becomes reasonably assured, which is generally upon receipt of cash. We record cash received in advance of revenue recognition as deferred revenue**.**

We have determined, among other criteria that we are the primary obligor in the fulfillment of our Connectivity and Content services. As a result, we report revenue on a gross basis in our consolidated statements of operations for both segments.

Connectivity Equipment Revenue

Connectivity equipment revenue is generated as title and risk of our equipment sales pass to our customers, which is generally upon shipment or arrival at destination depending on the contractual arrangement with the customer. In determining whether an arrangement exists, we ensure that a binding arrangement is in place, such as a standard purchase order or a fully executed customer-specific agreement. In cases where a customer has the contractual ability to accept or return equipment within a specific time frame, we will provide for return reserves when and if necessary, based upon historical experience.

Connectivity Service Revenue

Our Connectivity service revenue includes in-flight Wi-Fi Internet services, live television, on-demand content, shopping and travel-related information. Service revenue is recognized after it has been rendered and the customer can use the service, which is in the form of (i) enplanement for boarded passengers, (ii) usage by passengers, depending upon the specific contract, and (iii) other revenue such as advertising sponsorship.

Content Licensing Revenue

Content licensing revenue is principally generated through the sale or license of media content, video and music programming, applications, and video games to airlines, and to a lesser extent, through various services such as encoding and editing of media content. Revenue from the sale or license of content is recognized when the content has been delivered and the contractual performance obligations have been fulfilled, generally at the time a customer's license period begins.

Content Services Revenue

Content services revenue, such as technical services or the provision of materials, is billed and recognized as services are performed.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable primarily consist of amounts due from airlines or third parties who we provide services to, including our Connectivity and Content related services, advertising services through our platform and sales of our equipment. Accounts receivable from these providers are recorded when we earn the underlying revenue, and are generally due within 30 to 45 days from the month-end in which the invoice is generated.

We maintain an allowance for doubtful accounts to reserve for potentially uncollectible receivables from our customers based on our best estimate of the amount of probable losses from existing accounts receivable. We determine the allowance based on analysis of historical bad debts, advertiser concentrations, advertiser credit-worthiness and current economic trends. In addition, past due balances over 90 days and specific other balances are reviewed individually for collectability on at least a quarterly basis.

Goodwill

Goodwill represents the excess of the cost of an acquired entity over the fair value of the acquired net assets. Beginning in 2013, and in conjunction with the acquisitions of AIA in January 2013, PMG in July 2013, IFES in October 2013 and Purple in August 2014, we perform our annual impairment test of goodwill on October 1st of our fiscal year or when events or circumstances change that would indicate that goodwill might be impaired, including, but not limited to, a significant adverse change in legal factors or in the business climate, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, significant changes in the manner of our use of the acquired assets or the strategy for our overall business, significant negative industry or economic trends or significant under-performance relative to expected historical or projected future results of operations.

Goodwill is tested for impairment at the reporting unit level, which is one level below or the same as an operating segment. In accordance with amended FASB guidance for goodwill impairment testing, we performed a qualitative assessment for our reporting units which management estimates each have fair values that significantly exceed their respective carrying values. For each reporting unit, we weighed the relative impact of factors that are specific to the reporting unit as well as industry and macroeconomic factors. The reporting unit specific factors that we considered included financial performance and changes to the reporting units' carrying amounts. For each reporting unit, we considered assumptions about sales, operating margins, and growth rates which are based on our forecasts, business plans, economic projections, anticipated future cash flows and marketplace data. We also assessed the impact of macroeconomic factors on the discount rates and growth rates used for the most recent impairment tests, and determine if they would significantly affect the fair value of our reporting units. As of December 31, 2014, the Company concluded that for each of its reporting units, it is more likely than not that the fair value of each reporting unit exceeds its carrying amount and that it was therefore unnecessary to perform any additional impairment tests as of such date.

Useful Lives Associated with our Intangible Assets, including Internal Software and Website Development Costs

We have capitalized certain identifiable intangible assets acquired in connection with business combinations and we use valuation techniques to value these intangibles assets, with the primary technique being a discounted cash flow analysis. A discounted cash flow analysis requires us to make various judgmental assumptions and estimates including projected revenues, operating costs, growth rates, useful lives and discount rates. Beginning in the first half of 2013, we also began capitalizing our internally developed software and platform development costs during their development phase**.**

We amortize our intangible assets acquired through business combinations on a straight-line basis over the period in which the underlying economic benefits are expected to be realized. Internally developed software and website development costs are depreciated on a straight-line basis over their estimated useful life, which is generally no greater than three years.

Recoverability of Long-lived Assets

We evaluate the recoverability of our intangible assets, and other long-lived assets with finite useful lives for impairment when events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. These trigger events or changes in circumstances include, but are not limited to a significant decrease in the market price of a long-lived asset, a significant adverse change in the extent or manner in which a long-lived asset is being used, significant adverse changes in legal factors, including changes that could result from our inability to renew or replace material agreements with certain of our partners such as Southwest Airlines on favorable terms, significant adverse changes in the business climate including changes which may result from adverse shifts in technology in our industry and the impact of competition, a significant adverse deterioration in the amount of revenue or cash flows we expect to generate from an asset group, an accumulation of costs significantly in excess of the amount originally expected for the acquisition or development of a long-lived asset, current or future operating or cash flow losses that demonstrate continuing losses associated with the use of our long-lived asset, or a current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. We perform impairment testing at the asset group level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. In making this determination, we consider the specific operating characteristics of the relevant long-lived assets, including (i) the nature of the direct and any indirect revenues generated by the assets; (ii) the interdependency of the revenues generated by the assets; and (iii) the nature and extent of any shared costs necessary to operate the assets in their intended use. An impairment test would be performed when the estimated undiscounted future cash flows expected to result from the use of the asset group is less than its carrying amount. Impairment is measured by assessing the usefulness of an asset by comparing its carrying value to its fair value. If an asset is considered impaired, the impairment loss is measured as the amount by which the carrying value of the asset group exceeds its estimated fair value. Fair value is determined based upon estimated discounted future cash flows. The key estimates applied when preparing cash flow projections relate to revenue, operating margins, economic lives of assets, overheads, taxation and discount rates. To date, we have not recognized any such impairment loss associated with our long-lived assets.

Income Taxes

We account for our income taxes using the liability and asset method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in our financial statements or in our tax returns. In estimating future tax consequences, generally all expected future events other than enactments or changes in the tax law or rates are considered. Deferred income taxes are recognized for differences between financial reporting and tax bases of assets and liabilities at the enacted statutory tax rates in effect for the years in which the temporary differences are expected to reverse. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. We evaluate the realizability of our deferred tax assets and valuation allowances are provided when necessary to reduce deferred tax assets to the amounts expected to be realized.

We operate in various tax jurisdictions and are subject to audit by various tax authorities. We provide tax contingencies whenever it is deemed probable that a tax asset has been impaired or a tax liability has been incurred for events such as tax claims or changes in tax laws. Tax contingencies are based upon their technical merits, and relevant tax law and the specific facts and circumstances as of each reporting period. Changes in facts and circumstances could result in material changes to the amounts recorded for such tax contingencies.

We recognize a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. We recognize interest and penalties accrued related to unrecognized tax benefits in our income tax (benefit) provision in our statements of operations.

We calculate our current and deferred tax provisions based on estimates and assumptions that could differ from the actual results reflected in income tax returns filed in subsequent years. Adjustments based on filed returns are recorded when identified. The amount of income taxes we pay is subject to ongoing audits by federal, state and foreign tax authorities. Our estimate of the potential outcome of any uncertain tax issue is subject to management's assessment of relevant risks, facts, and circumstances existing at that time. To the extent that our assessment of such tax positions changes, the change in estimate is recorded in the period in which the determination is made.

Derivative Financial Instruments

Derivative financial instruments include certain warrants to purchase shares of our stock that are accounted for on a fair value basis. Embedded derivative instruments subject to bifurcation are also accounted for on a fair value basis. The period to period change in fair value of derivatives is recorded through earnings. Cash flows from embedded derivatives subject to bifurcation are reported consistently with the host contracts within the statements of cash flows. Cash flows from other derivatives are reported in cash flows from investing activities within the statements of cash flows.

The Company sometimes uses derivative financial instruments such as interest rate swaps to hedge interest rate risks. These derivatives are recognized at fair value on the transaction date and subsequently remeasured at fair value. Derivatives are measured as financial assets when their fair value is positive and as financial liabilities when their fair value is negative. Gains or losses on changes in the fair value of derivatives are recognized immediately in the statement of operations as a component of other income (expense).

Stock-based Compensation

We measure and recognize compensation expense for all share-based payment awards made to employees and directors based on the grant date fair values of the awards. For stock option awards to employees with service and/or performance based vesting conditions, the fair value is estimated using the Black-Scholes option pricing model. The value of an award that is ultimately expected to vest is recognized as expense over the requisite service periods in our consolidated statements of operations. We elected to treat share-based payment awards, other than performance awards, with graded vesting schedules and time-based service conditions as a single award and recognize stock-based compensation expense on a straight-line basis (net of estimated forfeitures) over the requisite service period. Stock-based compensation expenses are classified in the statement of operations based on the department to which the related employee reports. Our stock-based awards are comprised principally of stock options.

We account for stock options issued to non-employees in accordance with the guidance for equity-based payments to non-employees. Stock option awards to non-employees are accounted for at fair value using the Black-Scholes option pricing model. Our management believes that the fair value of stock options is more reliably measured than the fair value of the services received. The fair value of the unvested portion of the options granted to non-employees is re-measured each period. The resulting increase in value, if any, is recognized as expense during the period the related services are rendered.

The Black-Scholes option pricing model requires management to make assumptions and to apply judgment in determining the fair value of our awards. The most significant assumptions and judgments include estimating the fair value of our underlying stock, the expected volatility and the expected term of the award. In addition, the recognition of stock-based compensation expense is impacted by estimated forfeiture rates.

Because the accounting acquirer's common stock was not publicly traded prior to February 1, 2013, we estimated the expected volatility of our awards from the historical volatility of selected public companies within the technology and media industries with comparable characteristics to us, including similarity in size, lines of business, market capitalization, revenue and financial leverage. From our inception through December 31, 2014, the weighted average expected life of options was calculated using the simplified method as prescribed under guidance by the SEC. This decision was based on the lack of relevant historical data due to our limited experience and the lack of an active market for our common stock. The risk free interest rate is based on the implied yield currently available on U.S. Treasury issues with terms approximately equal to the expected life of the option. The expected dividend rate is zero based on the fact that we currently have no history or expectation of paying cash dividends on our common stock. The forfeiture rate is established based on the historical average period of time that options were outstanding and adjusted for expected changes in future exercise patterns.

Results of Operations

The following tables set forth our results of operations for the periods presented. The period-to-period comparison of financial results is not necessarily indicative of future results (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Revenue	$ 387,735	$ 259,722	$ 69,210
Operating expenses:			
Cost of sales	281,873	197,938	76,897
Sales and marketing expenses	13,287	10,330	3,935
Product development	23,010	9,068	2,646
General and administrative	77,773	70,629	14,534
Amortization of intangible assets	24,552	17,281	34
Restructuring charges	4,223	—	—
Total operating expenses	424,718	305,246	98,046
Loss from operations	(36,983)	(45,524)	(28,836)
Other income (expense):			
Interest expense, net	88	(2,417)	(10,368)
Change in fair value of derivatives	(6,955)	(63,961)	(3,576)
Other expense, net	(2,770)	(1,000)	(23)
Loss before income taxes	(46,620)	(112,902)	(42,803)
Income tax provision	10,574	1,839	—
Net loss	(57,194)	(114,741)	(42,803)
Net income attributable to non-controlling interests	194	290	—
Net loss attributable to Global Eagle Entertainment Inc. common stockholders	$ (57,388)	$ (115,031)	$ (42,803)
Basic and diluted loss per share	$ (0.78)	$ (2.17)	$ (2.24)
Weighted average common shares basic and diluted	73,300	53,061	19,148

The following table provides the depreciation expense included in the above line items (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Depreciation expense:			
Cost of sales	$ 2,820	$ 1,113	$ —
Sales and marketing	471	—	—
Product Development	858	71	—
General and administrative	3,030	2,719	1,225
Total depreciation expense	$ 7,179	$ 3,903	$ 1,225

The following table provides the stock-based compensation expense included in the above line items (in thousands):

	Year Ended December 31,		
Stock-based compensation expense:	2014	2013	2012
Cost of sales	$ 36	$ —	$ 2
Sales and marketing expenses	46	—	2
Product development	268	—	3
General and administrative	7,717	4,536	1,634
Total stock-based compensation expense	$ 8,067	$ 4,536	$ 1,641

The following table provides our results of operations, as a percentage of revenue, for the periods presented:

	Year Ended December 31,		
	2014	2013	2012
Revenue	100 %	100 %	100 %
Operating expenses:			
Cost of sales	73 %	76 %	111 %
Sales and marketing expenses	3 %	4 %	6 %
Product development	6 %	3 %	4 %
General and administrative	20 %	27 %	21 %
Amortization of intangible assets	6 %	7 %	— %
Restructuring charges	1 %	— %	— %
Total operating expenses	110 %	118 %	142 %
Loss from operations	(10)%	(18)%	(42)%
Other income (expense)	(2)%	(26)%	(20)%
Loss before income taxes	(12)%	(43)%	(62)%
Income tax provision	3 %	1 %	— %
Net loss	(15)%	(44)%	(62)%
Net income attributable to non-controlling interests	— %	— %	— %
Net loss attributable to Global Eagle Entertainment Inc. common stockholders	(15)%	(44)%	(62)%

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Operating Segments

The following tables set forth our contribution profit for each operating segment in the periods presented (in thousands):

	Year Ended December 31,							
	2014			2013			2012	
	Content	Connectivity	Consolidated	Content	Connectivity	Consolidated	Content	Connectivity
Revenue:								
Licensing	$ 231,521	$ —	$ 231,521	$ 153,973	$ —	$ 153,973	$ —	$ —
Service	45,868	74,839	120,707	27,912	51,350	79,262	—	11,365
Equipment	—	35,507	35,507	—	26,487	26,487	—	57,845
Total Revenue	277,389	110,346	387,735	181,885	77,837	259,722	—	69,210
Operating Expenses:								
Cost of Sales								
Licensing and Services	195,454	54,881	250,335	134,207	42,590	176,797	—	22,327
Equipment	—	31,538	31,538	—	21,141	21,141	—	54,570
Total Cost of Sales	195,454	86,419	281,873	134,207	63,731	197,938	—	76,897
Contribution Profit (Loss)	81,935	23,927	105,862	47,678	14,106	61,784	—	(7,687)
Other Operating Expenses			142,845			107,308		21,149
Loss from Operations			(36,983)			(45,524)		(28,836)
Other income (expense)			(9,637)			(67,378)		(13,967)
Loss before income taxes			(46,620)			(112,902)		(42,803)
Income tax provision			10,574			1,839		—
Net loss			$ (57,194)			$ (114,741)		$ (42,803)

Revenue

Connectivity operating segment revenue was as follows (in thousands):

	Year Ended December 31,			% Change	
	2014	**2013**	**2012**	**2013 to 2014**	**2012 to 2013**
Service	$ 74,839	$ 51,350	$ 11,365	46%	352 %
Equipment	35,507	26,487	57,845	34%	(54)%
Total Revenue Connectivity Segment	$ 110,346	$ 77,837	$ 69,210	42%	12 %

Connectivity Service Revenue

2014 compared to 2013. Connectivity service revenue increased $23.5 million or 46% to $74.8 million for the year ended December 31, 2014, as compared to $51.4 million for the year ended December 31, 2013. The increase was principally due to the growth in users of our Wi-Fi Internet services on Southwest Airlines, which was driven by a higher number of Southwest Airlines planes offering our Connectivity services in 2014 as compared to 2013, coupled with the commencement of TV Flies Free service on Southwest Airlines in July 2013.

2013 compared to 2012. Connectivity service revenue increased $40.0 million, or 352%, to $51.4 million for the year ended December 31, 2013, as compared to $11.4 million for the year ended December 31, 2012. The increase was principally due to the growth in users of our Wi-Fi Internet services on Southwest Airlines, which was driven by a higher number of Southwest Airlines planes offering our Connectivity services in 2013 as compared to 2012, coupled with the commencement of the TV Flies Free service on Southwest Airlines in July 2013.

Connectivity Equipment Revenue

2014 compared to 2013. Connectivity equipment revenue increased $9.0 million, or 34%, to $35.5 million for the year ended December 31, 2014, as compared to $26.5 million for the year ended December 31, 2013. The increase was primarily due to the timing of equipment shipments on the Southwest Airlines fleet in 2014 as compared to 2013.

2013 compared to 2012. Connectivity equipment revenue decreased by $31.4 million, or 54%, to $26.5 million for the year ended December 31, 2013, as compared to $57.8 million for the year ended December 31, 2012. The decrease was primarily due to the timing of equipment installations on the Southwest Airlines fleet in 2013 as compared to 2012.

Content operating segment revenue was as follows (in thousands):

	Year Ended December 31,			% Change	
	2014	**2013**	**2012**	**2013 to 2014**	**2012 to 2013**
License	$ 231,521	$ 153,973	$ —	50%	N/A
Service	45,868	27,912	—	64%	N/A
Total Revenue Content Segment	$ 277,389	$ 181,885	$ —	53%	N/A

Content License Revenue

2014 compared to 2013. Content license revenue increased $77.5 million or 50% to $231.5 million for the year ended December 31, 2014 compared to $154.0 million for the year ended December 31, 2013. The increase was primarily due to the acquisitions of PMG and IFES, which we acquired on July 10, 2013 and October 18, 2013, respectively, and were not part of our operations during the full year in 2013. When combined, PMG and IFES generated approximately $45.0 million of licensing revenue in the year ended December 31, 2014 during periods each were not a part of the Company's operations during 2013. The remaining increase of $32.5 million was largely due to AIA, which we acquired on January 31, 2013 and was only a part of our operations for a partial period during the year ended December 31, 2013, coupled with the addition of new Content customers in 2014.

2013 compared to 2012. Content license revenue increased to $154.0 million for the year ended December 31, 2013 compared to $0 for the year ended December 31, 2012. Content licensing revenue is generated from AIA, PMG and IFES, which we acquired on January 31, July 10, and October 18, 2013, respectively, and were not part of our operations in 2012.

Content Service Revenue

2014 compared to 2013. Content service revenue increased $18.0 million or 64% to $45.9 million for the year ended December 31, 2014 compared to $27.9 million for the year ended December 31, 2013. The increase was primarily due to the acquisitions of PMG and IFES, which we acquired on July 10, 2013 and October 18, 2013, respectively, and were not part of our operations during the full year in 2013. When combined, PMG and IFES generated approximately $14.0 million of service revenue in the year ended December 31, 2014 during periods each were not a part of the Company's operations during 2013. The remaining increase of $4.0 million was largely due to AIA, which we acquired on January 31, 2013 and was only a part of our operations for a partial period during the year ended December 31, 2013, coupled with the addition of new Content customers in 2014.

2013 compared to 2012. Content service revenue increased to $27.9 million for the year ended December 31, 2013 compared to $0 for the year ended December 31, 2012. Content service revenue is generated from AIA, PMG and IFES, which we acquired on January 31, July 10, and October 18, 2013, respectively, and were not part of our operations in 2012.

Cost of Sales

Connectivity operating segment cost of sales was as follows (in thousands):

	Year Ended December 31,			% Change	
	2014	2013	2012	2013 to 2014	2012 to 2013
Service	$ 54,881	$ 42,590	$ 22,327	29%	91 %
Equipment	31,538	21,141	54,570	49%	(61)%
Total Connectivity Cost of Sales	$ 86,419	$ 63,731	$ 76,897	36%	(17)%

2014 compared to 2013. Connectivity cost of sales increased $22.7 million or 36% to $86.4 million for the year ended December 31, 2014 compared to $63.7 million for the year ended December 31, 2013. The increase was due to a $10.4 million increase in Connectivity equipment cost of sales, coupled with a $12.3 million increase in Connectivity services cost of sales. The increase in Connectivity equipment cost of sales was associated with the corresponding increase in equipment revenue as a result of the timing of equipment installations in 2014 on the Southwest Airlines fleet as compared to 2013. The Connectivity service cost of sales increase was principally a result of higher satellite bandwidth costs to support the growth in our Connectivity service revenue during the same period.

As a percentage of Connectivity equipment revenue, Connectivity equipment cost of sales was 89% during 2014 as compared to 80% during 2013, an increase of 900 basis points. The period over period change in contribution margin was primarily due to higher mix of equipment installations on the Southwest Airlines fleet in 2014, as compared to 2013, which were sold at less favorable margins as compared to other airlines.

As a percentage of Connectivity service revenue, Connectivity services cost of sales was 73% during the year ended December 31, 2014 as compared to 83% during the year ended December 31, 2013, an improvement of 1,000 basis points. The period to period improvement was largely due to increased passenger service revenue from airlines, coupled with a full year of TV Flies Free on Southwest Airlines in 2014 as compared to half of the year in 2013, which exceeded certain fixed satellite bandwidth costs during 2014 as compared to 2013.

2013 compared to 2012. Connectivity cost of sales decreased $13.2 million, or 17%, to $63.7 million for the year ended December 31, 2013 compared to $76.9 million for the year ended December 31, 2012 due to a $33.4 million decrease in Connectivity equipment cost of sales, offset by a $20.3 million increase in Connectivity services cost of sales. The decrease in equipment cost of sales was principally due to a decline in equipment revenue over the same period as a result of the timing of equipment installations on the Southwest Airlines fleet in 2013 as compared to 2012. The increase in services cost of sales was principally due to higher satellite bandwidth costs to support the growth in our Connectivity service revenue during the same period.

As a percentage of Connectivity equipment revenue, Connectivity equipment cost of sales was 79.8% during the year ended December 31, 2013 as compared to 94.3% for the year ended December 31, 2012, a decrease of 1,450 basis points. The period over period improvement in contribution margin was primarily due to a higher mix of equipment installations on the Southwest Airlines fleet during 2012 as compared to 2013, which were sold at less favorable margins as compared to other airlines.

As a percentage of Connectivity service revenue, Connectivity service cost of sales was 82.9% during the year ended December 31, 2013 as compared to 196.5% for the year ended December 31, 2012, an improvement of 11,355 basis points. The period to period improvement in contribution margin was largely due to higher service revenue from Southwest Airlines during the year ended December 31, 2013 versus the year ended December 31, 2012. When compared to 2012, the growth in Connectivity service revenue during 2013 exceeded the increase in certain fixed satellite bandwidth costs over the same period, coupled with the commencement of the TV Flies Free service on Southwest Airlines in 2013. The TV Flies Free service largely utilizes our existing bandwidth and satellite costs, and as a result is highly accretive to our operating results.

Content operating segment cost of sales was as follows (in thousands):

	Year Ended December 31,			% Change	
	2014	2013	2012	2013 to 2014	2012 to 2013
Content Cost of Sales	$ 195,454	$ 134,207	$ —	46%	N/A

2014 compared to 2013. Content cost of sales increased $61.2 million to $195.5 million for the year ended December 31, 2014, as compared to $134.2 million for the year ended December 31, 2013. Consistent with the change in Content revenue over the same period, the increase was primarily due to the acquisitions of PMG and IFES, which we acquired on July 10, 2013 and October 18, 2013, respectively, and were not part of our operations as of June 30, 2013. When combined, PMG and IFES incurred $42.5 million of content cost of sales in the year ended December 31, 2014 during periods each were not a part of the Company's operations during the comparable year ended December 31, 2013. The remaining increase of $18.7 million was largely due to AIA, which we acquired on January 31, 2013 and was only a part of our operations for a partial period during the year ended December 31, 2013.

As a percentage of Content revenue, Content licensing cost of sales of 70.5% during the year ended December 31, 2014 remained relatively flat as compared to 73.8% during the year ended December 31, 2013.

2013 compared to 2012. Content licensing cost of sales increased to $134.2 million for the year ended December 31, 2013, as compared to $0.0 million for the year ended December 31, 2012. The increase was a result of the acquisitions of AIA, PMG and IFES in 2013.

Other Operating Expenses

Other operating expenses were as follows (in thousands):

	Year Ended December 31,			% Change	
	2014	2013	2012	2013 to 2014	2012 to 2013
Sales and marketing expenses	$ 13,287	$ 10,330	$ 3,935	29%	163%
Product development	23,010	9,068	2,646	154%	243%
General and administrative	77,773	70,629	14,534	10%	386%
Amortization of intangible assets	24,552	17,281	34	42%	50,726%
Restructuring charges	4,223	—	—	N/A	N/A
	$ 142,845	$ 107,308	$ 21,149	33%	407%

Sales and Marketing Expenses

2014 compared to 2013. Sales and marketing expenses increased $3.0 million, or 28.6%, to $13.3 million for the year ended December 31, 2014 as compared to $10.3 million for the year ended December 31, 2013. The increase was largely due to the acquisitions of PMG and IFES, which we acquired on July 10, 2013 and October 18, 2013, respectively, and were not part of our operations for the full year in 2013. When combined, PMG and IFES incurred $3.1 million of sales expenses during the year ended December 31, 2014.

2013 compared to 2012. Sales and marketing expenses increased $6.4 million, or 163%, to $10.3 million for the year ended December 31, 2013 as compared to $3.9 million for the year ended December 31, 2012. The increase was largely due to $5.1 million of sales and marketing expenses in the year ended December 31, 2013 associated with the acquisitions of AIA, PMG and IFES in 2013. The remaining increase of $1.2 million was largely due to increased consulting expenses to support the growth in our Connectivity business and the further development of our Wi-Fi Internet portal in 2013.

Product Development

2014 compared to 2013. Product development expenses increased $13.9 million, or 154%, to $23.0 million for the year ended December 31, 2014 compared to $9.1 million for the year ended December 31, 2013. The increase was largely due to an increase of $6.8 million related to product development consulting fees associated with new development efforts in China and in Europe for trials with Air China and Orange/Air France, coupled with increased research and development on new technologies and services in the Connectivity segment. The remaining increase of $7.1 million was largely due to increases of $4.4 million relating to employee related costs to support our new development initiatives with Air China and Orange in 2014, and approximately $1.2 million largely due to the acquisition of PMG in July 2013, which was only partly included in the operating results during the year ended December 31, 2014.

2013 compared to 2012. Product development expenses increased $6.4 million, or 243%, to $9.1 million for the year ended December 31, 2013 compared to $2.6 million for the year ended December 31, 2012. The increase was largely due to $5.7 million of product development expenses in the year ended December 31, 2013 associated with the acquisitions of AIA, PMG, and IFES in 2013. The remaining $0.7 million increase was due to product development consulting associated with new development efforts and increased consulting expenses associated with the deployment of our W-Fi Internet portal in 2013, coupled with increased research and development on new technologies in the Connectivity business in 2013. Offsetting these increases were approximately $1.4 million of internally developed software projects capitalized during 2013 compared to $0 in 2012, offset by certain development expenses reimbursed by clients in 2012 of approximately $0.5 compared to $0 in 2013.

General and Administrative

2014 compared to 2013. General and administrative costs increased $7.1 million or 10% to $77.8 million during the year ended December 31, 2014 compared to $70.6 million for the year ended December 31, 2013. The increase was largely due to non-recurring fees for legal settlements and related reserves of $8.3 million during the year ended December 31, 2014, coupled with a one-time $4.1 million impairment of accounts receivable during the year ended December 31, 2014 associated with one Connectivity customer currently experiencing economic hardship as a result of the recent trade sanctions placed on Russia in 2014, which was offset by a one-time backstop fee of $11.9 million paid to PAR Capital in the first quarter of 2013 and $2.0 million in certain one-time expenses associated with the departures of two executives during 2013. Offsetting these amounts were increases of $3.5 million associated with one-time earn-out expenses from prior acquisitions, $1.5 million in severance expense associated with the departures of a former AIA and corporate executives in 2014, $4.9 million from PMG and IFES, which were acquired in 2013, and approximately $3.5 million in stock-based compensation and depreciation expense. The remaining change of $4.5 million was largely due to decreased personnel costs as a result of integration efforts during the year ended December 31, 2014.

2013 compared to 2012. General and administrative costs increased $56.1 million, or 386%, to $70.6 million during the year ended December 31, 2013 compared to $14.5 million for the year ended December 31, 2012. The increase was due in part to $24.3 million of general and administrative expenses from AIA, PMG and IFES, which were acquired in 2013. The remaining increase of $31.8 million was principally due to a one-time backstop fee of $11.9 million paid to PAR Capital in the first quarter of 2013 in connection with Business Combination, an increase of approximately $10.0 million in professional fees principally to support the Business Combination and various public company initiatives in the period, $2.7 million in certain one-time expenses associated with the departures of two executives in the period, approximately $2.0 million increase in personnel-related expenses, and an increase of $5.3 million in stock-based compensation and depreciation expense.

Amortization of Intangible Assets

2014 compared to 2013. Amortization expense increased $7.3 million or 42.1% to $24.6 million during the year ended December 31, 2014 as compared to $17.3 million for the year ended December 31, 2013. The increase is due to the amortization of acquired intangible assets acquired via the 2013 acquisitions of AIA, PMG and IFES on January 31, 2013, July 10, 2013 and October 18, 2013, respectively, and were not part of our operations for the full year in 2013.

2013 compared to 2012. Amortization expense increased to $17.3 million during the year ended December 31, 2013 as compared to less than $0.1 million for the year ended December 31, 2012. The increase is due to the amortization of acquired intangible assets acquired via the 2013 acquisitions of AIA, PMG and IFES. There were no acquisitions during the year ended December 31, 2012 and 2011, and as a result the year to date amounts in 2012 and 2011 are not comparable to 2013.

Restructuring Charges

Restructuring charges increased to $4.2 million during the year ended December 31, 2014. The increase is due to expenses recorded pursuant to our Plan.

Total Other Income (Expense)

	Year Ended December 31,			% Change	
	2014	2013	2012	2013 to 2014	2012 to 2013
Total other income (expense), net	(9,637)	(67,378)	(13,967)	(86)% 200%	382%

2014 compared to 2013. Total other income (expense) decreased $57.7 million, or 85.7%, to $(9.6) million during the year ended December 31, 2014 as compared to $(67.4) million for the year ended December 31, 2013. The decrease in other expense was principally due to a decrease of $57.0 million in the fair value of the Company's public warrants. The remaining change in other expense was largely due to a $2.3 million decrease in interest expense associated with paying down all of AIA's debt in 2014, offset by an increase of ($1.5) million in other expense associated with a one-time write-down of the Company's equity method investment in 2014.

*2013 compared to 2012. Total o*ther income (expense) increased $53.4 million, or 382%, to $(67.4) million during the year ended December 31, 2013 as compared to $(14.0) million for the year ended December 31, 2012. The increase in the net expense of $60.3 million was principally due to the change in the fair value of the Company's public warrants in 2013, which did not exist until the Business Combination in January 2013, offset by a $7.9 million decrease in interest expense. Interest expense decreased $7.9 million principally due to a substantial reduction of Row 44's interest bearing debt in conjunction with the Business Combination, offset by an increase of $1.4 million in interest associated with upfront fees and accrued interest from the $19.0 million PAR note issued in the three months ended December 31, 2013. The remaining change of $1.0 million of other income (net) related to unrealized net losses and gains in foreign exchange rates during the year ended December 31, 2013, which did not exist until the Business Combination in January 2013.

Income Tax Expense

2014 compared to 2013. Income tax expense was $10.6 million for the year ended December 31, 2014 compared to $1.8 million for the year ended December 31, 2013. The income tax expense increase was largely due to foreign withholding taxes and income earned in the U.S., Canada and other foreign jurisdictions and the increase in an uncertain tax position liability of $2.6 million.

2013 compared to 2012. Income tax expense was $1.8 million for the year ended December 31, 2013 compared to $0 for the year ended December 31, 2012. The income tax expense increase was largely due to foreign withholding taxes and income earned in the U.S., Germany, Canada and other foreign jurisdictions.

Liquidity and Capital Resources

Current Financial Condition

As of December 31, 2014, our principal sources of liquidity were our cash and cash equivalents in the amount of $197.6 million, which primarily are invested in cash and money market funds in banking institutions in the U.S. and in Europe. In February 2015, we completed our 2.75% convertible debt offering discussed more fully below, raising net proceeds of $80.7 million which increased our current cash and cash equivalents balance to approximately $270 million as of March 12, 2015. Excluded from our cash balance at December 31, 2014 is approximately $3.7 million of restricted cash that is attached to letters of credit agreements between our subsidiaries and certain airlines. The vast majority of our cash resulted from the Business Combination in January 2013 and our follow-on offering in December 2013. Historically, Row 44, the accounting acquirer in the Business Combination, principally financed its operations from the issuance of stock, net cash provided by its operating activities and borrowings from shareholders in the form of convertible notes.

Our cash flows from operating activities are significantly affected by our cash-based investments in operations, including working capital, and corporate infrastructure to support our ability to generate revenue and conduct operations through cost of services, product development, sales and marketing and general and administrative activities. Cash used in investing activities has historically been, and is expected to be, impacted significantly by our investments in business combinations, our platform, Company infrastructure and equipment for our business offerings, the net sales and purchases of our marketable securities and changes in our derivative financial instruments. We recently invested an aggregate $46.8 million of our cash from July 2013 to October 2013 to acquire PMG and IFES. In the near term, we also expect to continue using significant cash to make additional strategic acquisitions to further grow our business.

In connection with the Business Combination, we incurred approximately $3.5 million of additional operating expenses related to the addition of personnel, professional fees and systems to build our infrastructure to support our public company compliance and certain corporate alignment initiatives through the end of 2013. In addition, our use of cash flows from operating activities exceeded our proceeds from operating activities throughout 2014, primarily due to non-recurring legal settlement fees in 2014 related to acquired entities, integration and restructuring charges in 2014 related to the Plan, increased product development expenses to grow our Connectivity business, and ongoing efforts to build our infrastructure and support our public company compliance initiatives. In the future, our net use of our working capital could be substantially higher or lower depending on the number and timing of new customers that we add to our Connectivity and Content businesses.

Subsequent to the Business Combination, we acquired a total of 22.6 million additional shares in AIA, which raised our ownership in AIA from approximately 86% as of March 31, 2013 to 94% as of June 30, 2013. Total costs used to complete these share acquisitions was approximately $15.4 million. In April 2014, we acquired the remaining 6% non-controlling interests in AIA for an aggregate purchase price of $21.7 million, inclusive of $0.6 million of transaction fees.

On August 2, 2014, the Company purchased substantially all the assets of Purple Inflight Entertainment Private Ltd. ("Purple") in exchange for approximately $0.5 million in cash. The Company acquired the assets of Purple to further expand its leadership in delivering Indian-based content. While we believe that a part of the future revenue growth in our content business will come from increased licensing of foreign-based content, there is no guarantee that our customers will purchase more foreign-based content in the future.

During the year ended December 31, 2014, the Board of Directors (the "Board") authorized the Company to repurchase up to $25.0 million of our public warrants. As of December 31, 2014, $23.6 million was available for warrant repurchases under this authorization. The amount we spend and the number of warrants repurchased varies based on a variety of factors, including our stock price and blackout periods in which we are restricted from repurchasing these warrants.

On August 13, 2014, the Company completed a tender offer to all holders of the our outstanding warrants exercisable for shares of the Company's common stock, that were originally issued by GEAC and which have an exercise price of $11.50 per share (the "Warrants"), to receive 0.3333 Shares in exchange for every Warrant tendered by the holders thereof (approximately one Share for every three Warrants tendered), up to a maximum of 15,000,000 Warrants. On September 11, 2014, the Company issued 4,227,187 shares of common stock in exchange for 12,682,755 Warrants and recognized a gain on the exchange of approximately $0.8 million included in change in fair value of financial instruction instruments in the consolidated statements of operations for the year ended December 31, 2014.

On December 22, 2014, we entered into a Loan and Security Agreement with Citibank, N.A. (the "Credit Agreement"), providing for $2.4 million ($2.0 million, net of direct fees) of term loans (the "Citibank Term Loans") and a revolving line of credit (the "Citibank Revolving Loans") discussed more fully below in an amount not to exceed $20.0 million. We used the proceeds of the Citibank Term Loans to repay in full the Term Loan and LOC. The Citibank Term Loans and the Revolving Loans bear interest at a floating rate based on LIBOR plus an applicable interest margin per annum and mature on December 22, 2017. A total of $0.2 million of the principal amount of the Citibank Term Loans plus any accrued and unpaid interest is to be repaid at the end of each quarter. The outstanding balance of the Citibank Term Loans may be prepaid in whole or in part at any time without penalty.

In February 2015, we issued $82.5 million principal amount of convertible notes due in 2035 (the "Convertible Notes") in a private placement. The Convertible Notes were issued at par and pay interest semi-annually in arrears at an annual rate of 2.75%.The Convertible Notes will mature on February 15, 2035, unless earlier repurchased, redeemed or converted. The Convertible Notes are convertible in certain circumstances and subject to certain conditions, based on an initial conversion rate of 53.9084 shares of common stock per $1,000 principal amount of notes (which represents an initial conversion price of approximately $18.55 per share), subject to adjustment. Holders of the Convertible Notes may convert their Convertible Notes at their option at any time prior to the close of business on the business day immediately preceding November 15, 2034, only if one or more of the following conditions has been satisfied: 1) during any calendar quarter beginning after March 31, 2015 if the closing price of the Company's common stock equals or exceeds 130% of the respective conversion price per share during a defined period at the end of the previous quarter, 2) during the five consecutive business day period immediately following any five consecutive trading day period in which the trading price per $1,000 principal amount of Convertible Notes for each trading day was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day; 3) if specified corporate transactions occur, or 4) if the Company calls any or all of the Convertible Notes for redemption, at any time prior to the close of business on the second business day immediately preceding the redemption date. On or after November 15, 2034, until the close of business on the second scheduled trading day immediately preceding the maturity date, a holder may convert all or a portion of its Convertible Notes at any time, regardless of the foregoing circumstances.

On February 20, 2022, February 20, 2025 and February 20, 2030 and if the Company undergoes a "fundamental change" (as defined in the indenture governing the Convertible Notes (the "Indenture")), subject to certain conditions, a holder will have the option to require the Company to repurchase all or a portion of its Convertible Notes for cash at a repurchase price equal to 100% of the principal amount of the Convertible Notes to be repurchased, plus any accrued and unpaid interest, if any, to, but excluding, the relevant repurchase date. In addition, upon the occurrence of a "make-whole fundamental change" (as defined in the Indenture) or if the Company delivers a redemption notice prior to February 20, 2022, the Company will, in certain circumstances, increase the conversion rate for a holder that converts its Convertible Notes in connection with such make-whole fundamental change or redemption notice, as the case may be.

The Company may not redeem the Convertible Notes prior to February 20, 2019. The Company may, at its option, redeem all or part of the Convertible Notes at any time (i) on or after February 20, 2019 if the last reported sale price per share of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days during any thirty consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides written notice of redemption and (ii) on or after February 20, 2022 regardless of the sale price condition described in clause (i), in each case, at a redemption price equal to 100% of the principal amount of the Convertible Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. Upon conversion of any Convertible Note, the Company shall pay or deliver to the converting Holder, cash, shares of Common Stock or a combination of cash and shares of the Company's common stock, at the Company's election.

In the future, we may utilize additional commercial financings, bonds, debentures, lines of credit and term loans with a syndicate of commercial banks or other bank syndicates and/or issue equity securities (publicly or privately) for general corporate purposes, including acquisitions and investing in our intangible assets, platform and technologies. We expect that our existing cash and cash equivalents, our revolving credit facility and Convertible Notes, and our cash flows from operating activities will be sufficient to fund our operations for at least the next 24 months. However, we may need to raise additional funds through the issuance of equity, equity-related or debt securities or through additional credit facilities to fund our growing operations, invest in new business opportunities and make potential acquisitions.

Sources and Uses of Cash

The following table presents a summary of our cash flow activity for the periods set forth below (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Net cash provided by (used in) operating activities	$ (23,395)	$ (54,143)	$ (39,280)
Net cash provided by (used in) investing activities	$ (9,723)	$ 129,840	$ (2,432)
Net cash provided by (used in) financing activities	$ (28,031)	$ 181,011	$ 34,990

Cash Flows Provided/Used by Operating Activities

Year ended December 31, 2014

Net cash used in our operating activities of $23.4 million primarily resulted from our net loss during the period of $57.2 million, which included non-cash charges of $51.8 million largely comprised of changes in the fair value of our derivative financial instruments, depreciation and amortization, changes in our deferred income taxes, loss on equity method investment and stock based compensation. The remainder of our uses of cash in operating activities of $18.0 million was from changes in our working capital, including accounts receivable, prepaid expenses, and content and inventory investments used to grow our operations in 2014. The increase in accounts receivable was reflective of the growth in our corresponding revenue in the period, coupled with the timing of payments from key customers in the period. The increases in prepaid expenses and inventory and content purchases were from continued investments to support the growth in our Connectivity equipment installations and Content licensing acquisition. Offsetting these uses of cash in operating activities was a net cash inflow of $23.1 million from increases in accounts payable and accrued expenses reflective of timing of payments to vendors, deferred revenues and taxes payable.

Year ended December 31, 2013

Net cash used from our operating activities of $54.1 million primarily resulted from our net loss during the period of $114.7 million, which included non-cash charges of $95.5 million largely comprised of changes in the fair value of our derivative financial instruments, depreciation and amortization, changes in our deferred income taxes, and stock based compensation. The remainder of our uses of net cash flow from operating activities of $34.9 million was from changes in our working capital, including accounts payable and accrued expenses, prepaid expenses, content and inventory investments, and accounts receivable of approximately $45.4 million. Offsetting these uses of cash from operating activities was a net cash inflow of $10.5 million from an increase in deferred revenue and timing of income taxes payable. The decrease in accounts payable and accrued expenses is reflective of significant amounts of accrued obligations paid as a result of our Business Combination in January 2013, including $11.9 million paid to PAR as a one-time back stop fee. The increase in prepaid expenses, inventory and content purchases were continued investments to support the growth in our Connectivity equipment installations and Content licensing acquisitions, and included an increase in restricted cash attached to certain agreements with our airline partners. The increase in accounts receivable is reflective of the growth in service revenue over the period.

Year ended December 31, 2012

Net cash used in our operating activities of $39.3 million primarily resulted from our net loss during the period of $42.8 million, which included non-cash charges of $19.1 million largely comprised of interest on Row 44 convertible promissory notes, changes in the fair value of our derivative financial instruments, depreciation and stock-based compensation. The remainder of our uses of net cash flow from operating activities of $15.6 million was from changes in our working capital, including accounts payable and accrued expenses, accounts receivable, deferred revenue and prepaid expenses of $14.0 million. The increases in accounts payable and accrued expenses and prepaid expenses is reflective of significant amounts paid to certain vendors such as Hughes at the close of December 31, 2012. The increase in accounts receivable and decrease in deferred revenue is reflective of the growth in equipment sales and installations of Southwest Airlines and Norwegian Air Shuttle relative to the timing of billings and cash collections during the year ended December 31, 2012.

Cash Flows Provided/Used by Investing Activities

Year ended December 31, 2014

Net cash used in investing activities of $9.7 million was largely due to $9.1 million investments in property and equipment to build-out our internal infrastructure during the year ended December 31, 2014, $0.5 million relating to the assets purchase of Purple and $0.7 million relating to other, offset by proceeds of approximately $0.6 million received from the sale of certain marketable securities during the year ended December 31, 2014.

Year ended December 31, 2013

Net cash provided by investing activities of $129.9 million was largely from the Business Combination in January 2013, which resulted in net cash provided from the Row 44 merger of $159.3 million and AIA stock purchase of $22.1 million. In addition we sold our 8.5% interest in Guestlogix for total proceeds of approximately $6.3 million, and cash used in purchases of PMG (for approximately $10.6 million) and IFES (for approximately $34.3 million) during the year ended December 31, 2013. The remaining change in net cash used in investing activities of $11.5 million was largely due to investments in property and equipment of $11.4 million to expand our network operations in Russia and Europe and to support our new "TV Flies Free" product on Southwest Airlines and the build-out of our internal infrastructure, and a $1.5 million equity method investment in Allegiant Systems.

Year ended December 31, 2012

Net cash used in investing activities of $2.4 million was largely due to investments in our property and equipment to build out our network operations center during the year ended December 31, 2012.

Cash Flows Provided/Used by Financing Activities

Year ended December 31, 2014

Net cash used in financing activities of $28.0 million was primarily due to cash consideration of $21.7 million to acquire the remaining 6% interest in AIA, $9.7 million in payments of certain debt obligations associated with AIA and $1.4 million in payments to purchase outstanding our public warrants, offset by the net proceeds from the Citibank Term Loans of $2.0 million and the exercise of the stock options and warrants of $3.1 million.

Year ended December 31, 2013

Net cash provided by financing activities of $181.0 million was primarily driven by the completion of our follow-on and registered offerings during the three months ended December 31, 2013, where we raised proceeds of $204.0 million, net of approximately $7.1 million in transaction costs. Offsetting this was use of net cash in financing activities of $22.5 million, which was largely due to our acquisition of AIA shares, where we purchased $15.4 million of non-controlling shares of AIA to increase our ownership to 94.07%, $5.6 million in payments of certain debt obligations and $2.0 million in repurchases of our common stock warrants and payments of withholding taxes associated with cashless exercises of stock based awards in conjunction with the Business Combination during the year ended December 31, 2013.

Year ended December 31, 2012

Net cash provided by financing activities of $35.0 million was driven by Row 44, which raised proceeds of $35.0 million through the issuance of preferred stock, warrants and notes during the period.

Debt Instruments

Long-term debt consists of the following at December 31, 2014 and 2013 (in thousands):

	2014	2013
Bank loans, net	$ 3,015	$ 10,801

The following is a schedule, by year, of future minimum principal payments required under notes payable and bank debt as of December 31, 2014 (in thousands):

Years Ending December 31,	Amount
2014	$ 852
2015	861
2016	861
2017	61
2018	64
Thereafter	681
Total	$ 3,380

Bank Debt

With the acquisition of PMG in July 2013, we assumed approximately $3.3 million of debt in the form a $1.5 million term loan (the "Term Loan") and a $1.8 million line of credit (the "LOC") with a bank. The Term Loan and LOC were to mature in October 2017 and 2014, respectively, and bore interest at a rate equal to the bank's reference rate, which was approximately 3.25% during the year ended December 31, 2014. During the year ended December 31, 2014, we repaid the outstanding balance of the Term Loan and the LOC in full using a portion of the Citibank Term Loan proceeds described below.

With the acquisition of IFES on October 18, 2013, we assumed approximately $1.3 million of debt in the form of two facility letters for a commercial mortgage loan with a bank for $0.2 million and $1.1 million. The mortgage letters mature in October 2014 and 2032, respectively. The first mortgage commercial letter was repaid in full during the year ended December 31, 2014. The second mortgage commercial letter is secured by the Company's real property in the United Kingdom and bears interest at a rate equal to the bank's base rate plus 1.25%, which was approximately 3.25% during the year ended December 31, 2014. The remaining and outstanding balance under the second mortgage commercial letter was $0.9 million and $1.0 million as of December 31, 2014 and 2013, respectively.

Bank loan

On December 22, 2014, we entered into the Citibank Term Loans, which the Company used to repay in full the Term Loan and LOC, and the Citibank Revolving Loans in an amount not to exceed $20.0 million. The Citibank Term Loans and the Revolving Loans bear interest at a floating rate based on LIBOR plus an applicable interest margin per annum and mature on December 22, 2017. A total of $0.2 million of the principal amount of the Citibank Term Loans plus any accrued and unpaid interest is to be repaid at the end of each quarter. The outstanding balance of the Citibank Term Loans may be prepaid in whole or in part at any time without penalty.

Debt issuance costs incurred in connection with the Citibank Term Loans totaled $0.3 million and are being amortized over the respective term of the Loans.

At December 31, 2014, there was $2.0 million outstanding under the Citibank Term Loans and $20.0 million available for future borrowings under the Citibank Revolving Loans.

Contractual Obligations

The following table summarizes our contractual obligations that require us to make future cash payments as of December 31, 2014. The future contractual requirements include payments required for our operating leases and contractual purchase agreements**.**

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual Obligations (in thousands):					
Operating lease obligations	11,675	3,158	2,700	1,617	4,200
Satellite commitment (1)	289,793	37,222	50,792	65,038	136,741
Deferred revenue arrangements (2)	20,134	14,326	2,156	1,926	1,726
Long-term debt obligations (3), (4)	3,380	852	1,722	125	681
Deferred employment obligations (5)	3,035	3,035	—	—	—
Content and television license fees and guarantees (6)	51,209	32,598	17,511	675	425
Equipment purchase commitments (7)	19,033	19,033	—	—	—
Total	398,259	110,224	74,881	69,381	143,773

(1) Amounts represent future satellite cost commitments to Hughes Network Systems and SES over the period January 1, 2015 through December 31, 2027.

(2) Amounts represent obligations to provide service for which we have already received cash from our customers.

(3) Includes amounts pertain to the Citibank Term Loans and related interest. Interest payments were calculated based upon the interest rate in effect at December 31, 2014. See also Note 14. Notes Payable and Bank Debts.

(4) Includes amounts pertain to a mortgage loan assumed for a building acquired in the IFES acquisition.

(5) Amounts represent certain contractual employee obligations accrued as of December 31, 2014. The amounts presented above include $1.7 million earn-out liability for EIM, a subsidiary of AIA assumed in the Business Combination, and $0.9 million earn-out liability for PMG executives and $0.4 million of unpaid severance to certain former executives.

(6) Amounts represent minimum guarantees and contractual obligations associated with licensing and providing our content and Internet protocol television services to our customers.

(7) Equipment purchase commitments represent purchase commitments for Connectivity equipment inventory. The Company has purchase commitments with various providers of equipment for the Company's connectivity services. As of December 31, 2014, the Company have committed to purchase $19.0 million of future products which we expect to purchase during the year ended December 31, 2015.

Excluded from the table above is $27.3 million related to our deferred tax liabilities and uncertain tax positions due to the uncertainty of their timing.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

Market risk is the sensitivity of income to changes in interest rates, foreign exchange rates, commodity prices, equity prices and other market driven rates or prices.

Market Risk

Connectivity Segment

Our Connectivity segment is generally not exposed to any material risk associated with exchange rates or equity prices. It does not hold or issue financial instruments for trading purposes. The Connectivity segment has indirect exposure to changes in commodity prices (*i.e.*, the price of jet fuel) because a key aspect of the decision by its potential customers to purchase the connectivity products is the effect such products may have on an aircraft's fuel burn.

Content Segment

Our Content segment has exposure primarily to two types of market risk: changes in foreign currency exchange rates and interest rates. We do not hold or issue financial instruments for trading purposes.

The following sections provide information on exposure to foreign currency exchange rate risk and interest rate risks. Parts of our Content segment make use of sensitivity analysis that are inherently limited in estimating actual losses in fair value that can occur from changes in market conditions.

Foreign Currency Exchange Rates

Our foreign operations are exposed to fluctuations in foreign currency exchange rates. Currency risks arise from the fact that both sales to customers and most of their film license costs or film rights purchases are largely effected in U.S. dollars while a significant portion of our Content operation's fixed and overhead costs are incurred in Euros, British pounds and Canadian dollars. We may engage in hedging transactions to counteract direct currency risks. However, there can be no assurance that all currency risks have been or will be hedged in full. Severe currency fluctuations could also cause the hedging transactions to fail if agreed thresholds are not met or exceeded. Therefore, substantial negative foreign currency effects may occur due to unforeseen exchange rate fluctuations and/or inaccurate assessments of market developments. Historically, we have not engaged in hedging transactions.

There are also intercompany receivables and liabilities such as loans that can generate significant foreign currency effects. Changes in the exchange rates of a number of foreign currencies against the Euro, especially the U.S. dollar and the Canadian dollar, could lead to the recognition of unrealized foreign exchange gains and losses in some cases, particularly as a result of intercompany transactions, including short term borrowings. We have sought to minimize the impact of intercompany borrowings by reducing the magnitude and quantity of intercompany borrowings.

Concentrations of Credit Risk

Our cash and cash equivalents are maintained at a several financial institutions. Deposits held may exceed the amount of insurance provided on such deposits. Generally, our deposits may be redeemed upon demand and are maintained with a financial institution of reputable credit and, therefore, bear minimal credit risk.

As of December 31, 2014, 2013 and 2012, the following customer accounted for more than 10% of our consolidated revenue balance:

	Year Ended December 31,		
	2014	**2013**	**2012**
Southwest Airlines	24%	22%	85%

Accounts Receivable balances from Southwest Airlines represented 13% of total accounts receivable at December 31, 2014 and less than 10% of total accounts receivable at December 31, 2013.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements and supplementary data required by this Item are contained in Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operation and Item 15. Exhibits and Financial Statement Schedules, and are incorporated herein by reference.

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

Not applicable

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures under Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, as of December 31, 2014. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of December 31, 2014 because a material weakness in our internal control over financial reporting existed in the design and operating effectiveness of certain information technology general controls ("ITGC's) and the manual controls around content revenue and corresponding cost of sales processes as described in more detail below.

In light of the material weakness described below, we performed additional analyses and other procedures to ensure that our consolidated financial statements included in this Annual Report on Form 10-K were prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). Notwithstanding the existence of the material weakness in internal control over financial reporting, the Company believes that its consolidated balance sheets as of December 31, 2014 and 2013 and the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for the years ended December 31, 2014, 2013 and 2012 included in this Annual Report on Form 10-K fairly present, in all material respects, the Company's financial condition, results of operations and cash flows for the periods presented therein in conformity with GAAP.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Internal control over financial reporting includes policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are transacted in accordance with authorizations of management and directors of the Company, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Our management, under the supervision of our Chief Executive Officer and Chief Financial Officer, conducted an assessment of the effectiveness of its internal control over financial reporting as of December 31, 2014 based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management concluded that our internal control over financial reporting was not effective as of December 31, 2014 because of the material weakness described below.

Because of its inherent limitations, internal control over financial reporting 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 existing policies or procedures may deteriorate. A material weakness is defined as "a deficiency, or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis."

Based upon this assessment, management concluded that, as of December 31, 2014, the following material weakness existed at the Company:

- **Design and operating ineffectiveness of ITGCs and the design and operating ineffectiveness of the manual controls around content revenue and corresponding cost of sales processes at certain subsidiaries of the Company.**

During 2014, we did not implement and maintain effective ITGCs across certain subsidiaries we acquired in 2013. Specifically, ITGCs utilized to maintain and administer the content systems used by certain subsidiaries to track and process content revenue and the associated cost of sales, as well as a financial system (Microsoft Dynamics NAV) used by one of our subsidiaries were ineffective. In addition, we did not implement and maintain effective manual controls over certain processes, to validate, review and properly record our content revenue and corresponding cost of sales under GAAP in our general ledger systems in 2014. As a result we could not properly ascertain whether certain of our content revenue and corresponding cost of sales were recorded accurately, completely and properly under GAAP as of December 31, 2014. As a result, there is a reasonable possibility that a material misstatement within the classes of content revenue and corresponding cost of sales transactions would not be prevented or detected on a timely basis. The ineffective design and operation of these ITGCs and the manual controls, when aggregated across our content segment, impacts a material portion of our content revenue and corresponding cost of sales.

Ernst & Young LLP, the Company's independent registered public accounting firm, has audited the Company's internal control over financial reporting as of December 31,2014, as stated in their report, which is included in this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

2013 Form 10-K Material Weaknesses Remediated

Based on management's assessment of our internal control over financial reporting discussed above, management concluded that the material weaknesses identified in 2013 and reported in our annual report on Form 10-K for the year ended December 31, 2013, as amended, were properly remediated (with additional remediation for certain ITGCs required at certain of our subsidiaries). The prior year material weaknesses that were remediated in 2014 included timely financial statement close and reporting processes, design, implementation and operating effectiveness of ITGCs at our corporate location, accounting for business combinations, and accounting for income taxes. This was achieved through the culmination of various efforts, execution of management's remediation plan, and improvements made throughout the year, as summarized in the Changes in Internal Control over Financial Reporting section of this Item. Management validated its conclusion that these items were properly remediated through its evaluation and testing, which was completed as of December 31, 2014.

Management, with oversight of our Audit Committee, completed numerous remediation actions and made improvements to its control environment and processes throughout 2014. The remediation actions to address the reported material weaknesses in 2013 included, but were not limited to, the following:

- Development of a shared services center in the United States to support the Company's finance and accounting functions and the integration of related processes and controls, including the Company's consolidation process;
- Integration of various key processes, systems and resources, including implementation of a common financial system, Oracle EBS, across substantially all of the business;
- Establishment of IT governance, policies, procedures and general controls;
- Use of reputable third party experts to assist in the preparation of our 2014 tax provision, global tax/legal restructuring, and business combination valuations; and,
- Establishment of entity level controls worldwide, including the adoption of the COSO 2013 framework.

Except as described above, there have been no changes in our internal control over financial reporting during our most recent quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Remediation Plan for Material Weakness

Our management, with oversight of our Audit Committee, has been actively engaged in developing a remediation plan to address the material weakness reported as of December 31, 2014. The remediation efforts expected to be implemented include the following:

- Continued build-out of the United States shared services center and establishment of a new shared services center in the United Kingdom to further support the Company's finance processes and manual and IT controls;
- Implementation of Oracle EBS financial system at remaining subsidiaries;
- Adoption of IT governance, policies, procedures and general controls across all subsidiaries; and,
- Deployment of a single operating system to replace the various content management systems in use at December 31, 2014.

If the remedial measures described above are insufficient to address the material weakness described above, or are not implemented timely, or additional deficiencies arise in the future, material misstatements in our interim or annual financial statements may occur in the future and could have the effects described in “Item 1A. Risk Factors” in Part I of this Form 10-K.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Global Eagle Entertainment Inc.

We have audited Global Eagle Entertainment Inc.'s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). Global Eagle Entertainment Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit 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 effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting 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.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment. Management has identified a material weakness related to the design and operating ineffectiveness of ITGCs and the design and operating ineffectiveness of manual controls around content revenue and corresponding cost of sales at certain subsidiaries. We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Global Eagle Entertainment, Inc. as of December 31, 2014 and 2013, and the consolidated statements of operations, comprehensive loss, stockholders' equity (deficit) and cash flows for each of the two years in the period ended December 31, 2014. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2014 financial statements, and this report does not affect our report dated March 16, 2015, which expressed an unqualified opinion on those financial statements.

In our opinion, because of the effect of the material weakness described above on the achievement of the objectives of the control criteria, Global Eagle Entertainment Inc. has not maintained, effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria.

/s/ Ernst & Young LLP

Los Angeles, California
March 16, 2015

ITEM 9B. OTHER INFORMATION

Not applicable

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Pursuant to Instruction G(3) to Form 10-K, the information required by Item 10. Directors, Executive Officers and Corporate Governance with respect to the Directors of the Company set forth under the heading “Proposal 1-Election of Directors” and “Directors” in the Company’s definitive proxy statement to be filed within 120 days following the end of the fiscal year covered by this report is incorporated herein by reference.

Pursuant to Instruction G(3) to Form 10-K, the information required by Item 10. Directors, Executive Officers and Corporate Governance with respect to the executive officers of the Company set forth under the heading “Executive Officers” in the Company’s definitive proxy statement to be file within 120 days following the end of the fiscal year end covered by this report is incorporated herein by reference.

Pursuant to Instruction G(3) to Form 10-K, information concerning the Audit Committee and audit committee financial expert disclosure set forth under the headings “Governance -Board Matters and Committee Membership” and “-Committees of the Board-Audit Committee” in the Company’s definitive proxy statement to be filed within 120 days following the end of the fiscal year covered by this report is incorporated herein by reference.

Pursuant to Instruction G(3) to Form 10-K, information concerning compliance with Section 16(a) of the Securities Exchange Act of 1934 by officers and directors of the Company set forth under the heading “Certain Relationships or Related Person Transactions and Section 16 Reporting Compliance-Section 16(a) Beneficial Ownership Reporting Compliance” in the Company's definitive proxy statement to be filed within 120 days following the end of the fiscal year covered by this report is incorporated herein by reference.

Pursuant to Instruction G(3) to Form 10-K, information concerning our Code of Ethics set forth under the heading “Governance-Code of Ethics” in the Company’s definitive proxy statement to be filed within 120 days following the end of the fiscal year covered by this report is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Pursuant to Instruction G(3) to Form 10-K, information concerning director and officer executive compensation and related matters set forth under the headings “Report of the Compensation Committee,” “Compensation Discussion and Analysis,” “Executive Compensation” and “Director Compensation” in the Company’s definitive proxy statement to be filed within 120 days following the end of the fiscal year covered by this report is incorporated herein by reference.

Pursuant to Instruction G(3) to Form 10-K, information concerning compensation committee interlocks and insider participation set forth under the heading “Governance - Compensation Committee Interlocks and Insider Participation” in the

Company’s definitive proxy statement to be filed within 120 days following the end of the fiscal year covered by this report is incorporated herein by reference.

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

Pursuant to Instruction G(3) to Form 10-K, information concerning shares of common stock of the Company beneficially owned by management set forth under the heading “Security Ownership of Officers, Directors and Significant Shareholders” in the Company’s definitive proxy statement to be filed within 120 days following the end of the fiscal year covered by this report is incorporated herein by reference.

Pursuant to Instruction G(3) to Form 10-K, information concerning securities authorized for issuance under equity compensation plans set forth under the heading “Equity Compensation Plans” in the Company’s definitive proxy statement to be filed within 120 days following the end of the fiscal year covered by this report is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Pursuant to Instruction G(3) to Form 10-K, information concerning certain relationships and related party transactions and director independence set forth under the headings “Certain Relationships or Related Person Transactions and Section 16 Reporting Compliance,” and “Governance - Independence Standards for Board Service” and “Availability of Corporate Governance Materials” in the Company’s definitive proxy statement to be filed within 120 days following the end of the fiscal year covered by this report is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Pursuant to Instruction G(3) to Form 10-K, information concerning principal accounting fees and services set forth under the heading “Audit Committee Matters - Audit Committee’s Pre-Approval Policies and Procedures” and “Audit and Non-Audit Fees” in the Company’s definitive proxy statement to be filed within 120 days following the end of the fiscal year covered by this report is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

1. Financial Statements

Reports of Independent Registered Public Accounting Firms

Consolidated Balance Sheets

Consolidated Statements of Operations

Consolidated Statements of Comprehensive Loss

Consolidated Statement of Equity (Deficit)

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements

2. Financial Statement Schedules

All schedules have been omitted because they are not applicable, not required, or the information has been otherwise supplied in the financial statements or notes to the financial statements.

3. Exhibits

The Exhibits on the accompanying Index to Exhibits immediately following the notes to our consolidated financial statements are incorporated by reference into, this Item 15.

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 on this 16th day of March 2015.

GLOBAL EAGLE ENTERTAINMENT INC.
By: /s/ Michael Zemetra
Michael Zemetra
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer and Duly Authorized Officer)

POWER OF ATTORNEY

The undersigned directors and officers of Global Eagle Entertainment Inc. hereby constitute and appoint each of David M. Davis, Michael Zemetra and Jay Itzkowitz, with the power to act without the others and with full power of substitution and resubstitution, our true and lawful attorney-in-fact and agent with full power to execute in our name and behalf in the capacities indicated below any and all amendments to this report and to file the same, with all exhibits and other documents relating thereto and hereby ratify and confirm all that such attorney-in-fact, or such attorney-in-fact's substitute, may lawfully do or cause to be done by virtue hereof.

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

Signature	Title	Date
/s/ David M. Davis David M. Davis	Chief Executive Officer and Director (Principal Executive Officer)	March 16, 2015
/s/ Michael Zemetra Michael Zemetra	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	March 16, 2015
/s/ Edward L. Shapiro Edward L. Shapiro	Chairman of the Board of Directors	March 16, 2015
/s/ Louis Bélanger-Martin Louis Bélanger-Martin	Director	March 16, 2015
/s/ Harry E. Sloan Harry E. Sloan	Director	March 16, 2015
/s/ Jeff Sagansky Jeff Sagansky	Director	March 16, 2015
/s/ Jeffrey A. Leddy Jeffrey A. Leddy	Director	March 16, 2015
/s/ Jeffrey E. Epstein Jeffrey E. Epstein	Director	March 16, 2015
/s/ Robert W. Reding Robert W. Reding	Director	March 16, 2015

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Global Eagle Entertainment Inc.

We have audited the accompanying consolidated balance sheet of Global Eagle Entertainment Inc. as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive loss, stockholders' equity (deficit) and cash flows for each of the two years in the period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Global Eagle Entertainment Inc. at December 31, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles.

The consolidated financial statements of Global Eagle Entertainment Inc. as of December 31, 2012 and for the year then ended was audited by other auditors. As described in Note 2, the Company entered into a business combination on January 31, 2013 with Row 44, Inc., in which Row 44, Inc. was determined to be the accounting acquirer. Accordingly, all references to the type, classification and number of shares and per share information (including loss available to common stockholders) in the consolidated financial statements have been adjusted to reflect the number of common shares of Global Eagle Entertainment Inc. received by Row 44, Inc.'s preferred and common stockholders in the transaction on a retroactive basis. We audited the adjustments that were applied to restate the type, classification and number of shares and per share information reflected in the 2012 consolidated financial statements. Our procedures included (a) agreeing the number of common shares received by Row 44, Inc. stockholders to the Company's underlying records obtained from management, and (b) testing the mathematical accuracy of the restated number of shares and basic and diluted loss per share. In our opinion, such adjustments are appropriate and have been properly applied. However, we were not engaged to audit, review, or apply any procedures to the 2012 consolidated financial statements of Row 44, Inc. other than with respect to such adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2012 consolidated financial statements taken as a whole.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Global Eagle Entertainment Inc.'s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 16, 2015 expressed an adverse opinion thereon.

/s/ Ernst & Young LLP

Los Angeles, California
March 16, 2015

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders

Global Eagle Entertainment, Inc.

We have audited the accompanying statements of operations, stockholders' deficit, and cash flows of Row 44, Inc. for the year ended December 31, 2012, before the effects of the adjustments to the Company's basis of presentation to retrospectively record the recapitalization of the Company in connection with the merger with Global Eagle Entertainment, Inc., which include (i) the retrospective adjustment of the equity structure of the consolidated companies, (ii) the effects of the adjustment to retrospectively adjust the number of common shares outstanding to include the redeemable preferred stock of Row 44, Inc., (iii) the classification of redeemable preferred stock on the consolidated balance sheet, (iv) the amount of income (loss) available to common stockholders, and (v) the weighted average number of common shares outstanding for the year ended December 31, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards established by 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 financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, before the effects of the adjustments to retrospectively record the recapitalization of the Company in connection with the merger with Global Eagle Entertainment Inc., the financial statements referred to above present fairly, in all material respects, the results of operations and cash flows for the year ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

We were not engaged to audit, review, or apply any procedures to the adjustments to the Company's basis of presentation to retrospectively record the recapitalization of the Company in connection with the merger with Global Eagle Entertainment, Inc., which include (i) the retrospective adjustment of the equity structure of the consolidated companies, (ii) the effects of the adjustment to retrospectively adjust the number of common shares outstanding to include the redeemable preferred stock of Row 44, Inc., (iii) the classification of redeemable preferred stock on the consolidated balance sheet, (iv) the amount of income (loss) available to common stockholders, and (v) the weighted average number of common shares outstanding for the year ended December 31, 2012, and accordingly, we do not express an opinion or any other form of assurance about whether such retrospective adjustments are appropriate and have been properly applied. Those retrospective adjustments were audited by other auditors.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in the financial statements, the Company has incurred recurring operating losses and has not generated cash flows from operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

/s/ Rose, Snyder & Jacobs LLP

Encino, California
March 15, 2013
(except for Note 21, as to which the date is August 8, 2013)

GLOBAL EAGLE ENTERTAINMENT INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	December 31, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 197,648	$ 258,796
Accounts receivable, net	85,517	64,216
Content library, current	9,570	6,563
Inventories	13,626	15,481
Prepaid and other current assets	23,549	14,187
TOTAL CURRENT ASSETS:	329,910	359,243
Property, plant & equipment, net	23,651	20,797
Goodwill	53,014	52,345
Intangible assets	112,904	136,414
Other non-current assets	14,116	10,084
TOTAL ASSETS	$ 533,595	$ 578,883
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 99,328	$ 81,961
Deferred revenue	13,401	11,190
Warrant liabilities	52,671	71,570
Notes payable and accrued interest, current	752	9,648
Deferred tax liabilities, current	80	1,192
Other current liabilities	8,080	7,561
TOTAL CURRENT LIABILITIES:	174,312	183,122
Deferred tax liabilities, non-current	23,330	25,186
Deferred revenue, non-current	6,748	5,808
Notes payable and accrued interest, non-current	2,263	1,153
Other non-current liabilities	14,313	7,430
TOTAL LIABILITIES	220,966	222,699
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, $0.0001 par value; 1,000,000 shares authorized, 0 shares issued and outstanding at December 31, 2014 and 2013, respectively	—	—
Common stock, $0.0001 par value; 375,000,000 shares authorized, 79,626,261 and 55,902,114 shares issued, 76,572,627 and 52,848,480 shares outstanding, at December 31, 2014 and 2013, respectively	8	5
Non-voting common stock, $0.0001 par value; 25,000,000 shares authorized, 0 and 19,118,233 shares issued and outstanding, at December 31, 2014 and 2013, respectively	—	2
Treasury stock, 3,053,634 shares at December 31, 2014 and 2013	(30,659)	(30,659)
Additional paid-in capital	645,110	620,862
Subscriptions receivable	(503)	(478)
Accumulated deficit	(301,331)	(243,943)
Other accumulated comprehensive income	4	—
TOTAL STOCKHOLDERS' EQUITY	312,629	345,789
Non-controlling interest	—	10,395
TOTAL EQUITY	312,629	356,184
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 533,595	$ 578,883

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

GLOBAL EAGLE ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Year Ended December 31, 2014	2013	2012
Revenue:			
License	231,521	153,966	—
Service	120,707	79,262	11,365
Equipment	35,507	26,494	57,845
Total revenue	387,735	259,722	$ 69,210
Operating expenses:			
Cost of sales:			
Licensing and services	249,878	176,863	22,327
Equipment	31,995	21,075	54,570
Total cost of sales	281,873	197,938	76,897
Sales and marketing expenses	13,287	10,330	3,935
Product development	23,010	9,068	2,646
General and administrative	77,773	70,629	14,534
Amortization of intangible assets	24,552	17,281	34
Restructuring charges	4,223	—	—
Total operating expenses	424,718	305,246	98,046
Loss from operations	(36,983)	(45,524)	(28,836)
Other income (expense):			
Interest expense, net	88	(2,417)	(10,368)
Change in fair value of derivatives	(6,955)	(63,961)	(3,576)
Other expense, net	(2,770)	(1,000)	(23)
Loss before income taxes	(46,620)	(112,902)	(42,803)
Income tax provision	10,574	1,839	—
Net loss	(57,194)	(114,741)	(42,803)
Net income attributable to non-controlling interests	194	290	—
Net loss attributable to Global Eagle Entertainment Inc. common stockholders	$ (57,388)	$ (115,031)	$ (42,803)
Basic and diluted loss per share	$ (0.78)	$ (2.17)	$ (2.24)
Weighted average common shares basic and diluted	73,300	53,061	19,148

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

GLOBAL EAGLE ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)

	Year Ended December 31,		
	2014	2013	2012
Net loss	$ (57,194)	$ (114,741)	$ (42,803)
Other comprehensive income (loss):			
Unrealized foreign currency translation adjustments	4	—	—
Unrealized gain on available for sale securities	112	101	—
Less: reclassification adjustment for realized gains on available for sale securities included in net loss	(112)	(101)	—
Total unrealized gain on available for sale securities	—	—	—
Other comprehensive income	4	—	—
Comprehensive loss	(57,190)	(114,741)	(42,803)
Comprehensive income attributable to non-controlling interests	194	290	—
Comprehensive loss attributable to Global Eagle Entertainment Inc. common stockholders	$ (57,384)	$ (115,031)	$ (42,803)

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

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GLOBAL EAGLE ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(In thousands)

	Common Stock		Common Stock Non-Voting		Treasury Stock		Additional	Subscriptions	Accumulated	Other Accumulated Comprehensive	Total Global Eagle Entertainment Inc.	Non-Controlling	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Paid-in Capital	Receivable	Deficit	Income	Stockholders' Equity	Interest	Equity (Deficit)
Balance December 31, 2011	14,840	$ 2	—	$ —	—	$ —	$ 77,828	$ (868)	$ (86,109)	$ —	$ (9,147)	—	$(9,147)
Discount on convertible promissory notes	—	—	—	—	—	—	6,939	—	—	—	6,939	—	6,939
Warrants for common stock issued for services and equipment	—	—	—	—	—	—	3,168	—	—	—	3,168	—	3,168
Deemed issuance of common stock in conjunction with the Business Combination	6,145	—	—	—	—	—	41,452	—	—	—	41,452	—	41,452
Common stock issued for services	188	—	—	—	—	—	549	—	—	—	549	—	549
Exercise of warrants for common stock	2,227	—	—	—	—	—	6	—	—	—	6	—	6
Exercise of common stock options	5	—	—	—	—	—	15	—	—	—	15	—	15
Stock based compensation	—	—	—	—	—	—	1,641	—	—	—	1,641	—	1,641
Receipt of common stock from officers as payment on subscription receivable	—	—	—	—	—	—	(539)	465	—	—	(74)	—	(74)
Reclassification of common stock warrant derivative	—	—	—	—	—	—	(279)	—	—	—	(279)	—	(279)
Interest income on subscriptions receivable	—	—	—	—	—	—	—	(50)	—	—	(50)	—	(50)
Net loss	—	—	—	—	—	—			(42,803)	—	(42,803)	—	(42,803)
Balance, December 31, 2012	23,405	$ 2	—	$ —	—	$ —	$130,780	$ (453)	$ (128,912)	$ —	$ 1,417	—	$ 1,417
Reclassification of MLBAM warrants	—	—	—	—	—	—	2,696	—	—	—	2,696	—	2,696
Reclassification of Series C warrants	—	—	—	—	—	—	2,879	—	—	—	2,879	—	2,879
Change in fair value of common stock warrants	—	—	—	—	—	—	93	—	—	—	93	—	93
Warrants for common stock issued for services and equipment	—	—	—	—	—	—	359	—	—	—	359	—	359
Exchange of Warrants for Common Stock	898	—	—	—	—	—	13,235	—	—	—	13,235	—	13,235

GLOBAL EAGLE ENTERTAINMENT INC.

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT) (continued)

(In thousands)

	Common Stock		Common Stock Non-Voting		Treasury Stock		Additional	Subscriptions	Accumulated	Other Accumulated Comprehensive	Total Global Eagle Entertainment Inc.	Non-Controlling	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Paid-in Capital	Receivable	Deficit	Income	Stockholders' Equity	Interest	Equity (Deficit)
Recapitalization as a result of Row 44 Merger	15,373	2	4,750	1	—	—	105,543	—	—	—	105,546	—	105,546
Stock purchase of AIA	—	—	14,368	1	(3,054)	(30,659)	144,256	—	—	—	113,598	25,287	138,885
Repurchase and retirement of common stock	(103)	—	—	—	—	—	(1,191)	—	—	—	(1,191)	—	(1,191)
Shares of the Company issued to acquire PMG	432	—	—	—	—	—	4,447	—	—	—	4,447	—	4,447
Conversion of Sponsor promissory note to warrants	—	—	—	—	—	—	(491)	—	—	—	(491)	—	(491)
Waiver of sponsor warrants	—	—	—	—	—	—	9,900	—	—	—	9,900	—	9,900
Issuance of stock to former executive	104	—	—	—	—	—	1,527	—	—	—	1,527	—	1,527
Issuance of common stock, net of offering costs	15,793	1	—	—	—	—	204,007	—	—	—	204,008	—	204,008
Stock-based compensation	—	—	—	—	—	—	3,009	—	—	—	3,009	—	3,009
Interest income on subscription receivable	—	—	—	—	—	—	—	(25)	—	—	(25)	—	(25)
Purchase of subsidiary share from a non-controlling interest	—	—	—	—	—	—	(187)	—	—	—	(187)	(15,182)	(15,369)
Total comprehensive income (loss)	—	—	—	—	—	—	—	—	(115,031)	—	(115,031)	290	(114,741)
Balance, December 31, 2013	55,902	$ 5	19,118	$ 2	(3,054)	$(30,659)	$620,862	$ (478)	$ (243,943)	$ —	$ 345,789	$ 10,395	$356,184
Conversion of non-voting common stock	19,118	2	(19,118)	(2)	—	—	—	—	—	—	—	—	—
Exercise of common stock options and warrants, net	351	—	—	—	—	—	2,942	—	—	—	2,942	—	2,942
Issuance of common stock to former Row 44 stockholders	28	—	—	—	—	—	345	—	—	—	345	—	345
Issuance of common stock in exchange for warrants, net of transaction fees of $362	4,227	1	—	—	—	—	24,046	—	—	—	24,047	—	24,047
Stock-based compensation	—	—	—	—	—	—	8,067	—	—	—	8,067	—	8,067
Interest income on subscription receivable	—	—	—	—	—	—	—	(25)	—	—	(25)	—	(25)

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GLOBAL EAGLE ENTERTAINMENT INC.

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT) (continued)

(In thousands)

	Common Stock		Common Stock Non-Voting		Treasury Stock		Additional	Subscriptions	Accumulated	Other Accumulated Comprehensive	Total Global Eagle Entertainment Inc.	Non-Controlling	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Paid-in Capital	Receivable	Deficit	Income	Stockholders' Equity	Interest	Equity (Deficit)
Comprehensive income, net of tax	—	—	—	—	—	—	—	—	—	4	4	—	4
Net loss	—	—	—	—	—	—	—	—	(57,388)	—	(57,388)	194	(57,194)
Purchase of subsidiary share from a non-controlling interest	—	—	—	—	—	—	(11,152)	—	—	—	(11,152)	(10,589)	(21,741)
Balance, December 31, 2014	79,626	$ 8	—	$ —	(3,054)	$(30,659)	$645,110	$ (503)	$ (301,331)	$ 4	$ 312,629	$ —	$312,629

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

GLOBAL EAGLE ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31, 2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (57,194)	$ (114,741)	$ (42,803)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	34,422	30,850	1,229
Non-cash interest on convertible promissory notes	—	—	9,629
Change in fair value of derivative financial instruments	6,955	63,961	3,576
Stock-based compensation	8,067	4,536	1,641
Provision for bad debt	5,539	760	7
Issuance of shares for working capital settlement	345	—	—
Warrants for common stock issued for services	—	452	2,555
Common stock issued for services	—	—	550
Loss on equity method investments	1,500	—	—
Deferred income taxes	(5,068)	(4,904)	—
Other	23	(201)	(109)
Changes in operating assets and liabilities:			
Accounts receivable	(26,386)	(2,803)	(3,883)
Inventory	(3,557)	(3,054)	(1,215)
Content library	(1,743)	(9,377)	—
Prepaid expenses and other current assets	(5,394)	(7,648)	(1,793)
Deposits and other assets	(4,018)	—	(356)
Accounts payable and accrued expenses	19,641	(22,508)	(7,422)
Deferred revenue	3,151	5,384	(886)
Taxes payable	322	5,150	—
NET CASH USED IN OPERATING ACTIVITIES	(23,395)	(54,143)	(39,280)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(9,074)	(11,477)	(2,432)
Cash received from Row 44 Merger	—	159,305	—
Cash received from AIA Stock Purchase	—	22,135	—
Purchase of PMG, net of cash acquired	—	(10,563)	—
Purchase of IFES, net of cash acquired	—	(34,346)	—
Cash paid to acquire assets of Purple	(500)	—	—
Proceeds from sale of investment	583	6,286	—
Purchase of investment in Allegiant Systems	—	(1,500)	—
Other	(732)	—	—
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(9,723)	129,840	(2,432)

GLOBAL EAGLE ENTERTAINMENT INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year Ended December 31,		
	2014	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES:			
Acquisition of AIA non-controlling interest	(21,741)	(15,369)	—
Proceeds from exercise of stock options and warrants	3,100	—	—
Proceeds from issuance of PAR note	—	19,000	10,000
Payment of PAR note	—	(19,000)	—
Proceeds from borrowings	2,047	—	—
Proceeds from issuance of common stock, net of offerings costs of $7.1 million	—	204,008	—
Payments on notes payable	(9,669)	(5,637)	(13)
Repurchase of common stock warrants	(1,406)	(800)	7
Payments of withholding taxes on cashless exercise of stock based awards in Business Combination	—	(1,191)	15
Proceeds from the issuance of preferred stock and warrants	—	—	24,981
Other	(362)	—	—
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(28,031)	181,011	34,990
Effects of exchange rate movements on cash and cash equivalents	1	—	—
Net increase (decrease) in cash and cash equivalents	(61,148)	256,708	(6,722)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	258,796	2,088	8,810
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 197,648	$ 258,796	$ 2,088
Supplemental disclosures of cash flow information			
Cash paid for:			
Taxes	$ 4,203	$ 6,232	$ 5
Interest	$ 447	$ 2,071	$ 6
Significant non-cash items:			
Issuance of sponsor warrants in exchange for notes payable	$ —	$ 9,900	$ —
Issuance of common stock to repurchase Global Eagle public company warrants	$ 24,448	$ 13,235	$ —
Notes payable and accrued interest converted into preferred stock and warrants	$ —	$ 0	$ 20,790
Inventory converted to property and equipment	$ —	$ 5,575	$ —
Satisfaction of advances and subscriptions receivable via surrender of commons stock	$ —	$ —	$ 539
Property and equipment purchased with warrants for common stock	$ —	$ —	$ 614

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

Global Eagle Entertainment Inc.

Notes to Consolidated Financial Statements

Note 1. Business

Global Eagle Entertainment Inc. ("GEE"), is a Delaware corporation headquartered in Marina Del Rey, California. GEE together with its consolidated subsidiaries is referred to as the ("Company"). The Company's business is focused on providing Wi-Fi Internet Connectivity and Content to the airline industry.

Connectivity

The Company's Connectivity service offering provides its airline partners and their passengers Wi-Fi connectivity over Ku-band satellite transmissions. The Company's Connectivity segment offers specialized network equipment, media applications and premium content services that allow airline passengers to access in-flight Internet, live television, on-demand content, shopping and travel-related information.

Content

The Company's Content services offering selects, manages, provides lab services, and distributes wholly-owned and licensed media content, video and music programming, applications, and video games to airlines, as well as to the maritime and other away from home non-theatrical markets.

Prior to January 31, 2013, the Company was known as Global Eagle Acquisition Corp. ("GEAC"), which was formed in February 2011 to effect a merger, capital stock exchange, asset acquisition or similar business combination with one or more businesses. Effective in the first quarter of 2013, and in conjunction with the business combination transaction (the "Business Combination") in which GEAC acquired all of the outstanding stock of Row 44, Inc. ("Row 44") and 86% of the issued and outstanding shares of Advanced Inflight Alliance AG ("AIA"), GEAC changed the Company's name from Global Eagle Acquisition Corp. to Global Eagle Entertainment Inc. In addition, the Company purchased substantially all the assets of Post Modern Edit, LLC and related companies ("PMG") and Purple Inflight Entertainment Private Ltd. ("Purple Inflight Entertainment" or "Purple") in July 2013 and August 2014, respectively and completed the stock acquisition of the U.K. parent of the Travel Entertainment Group Equity Limited and subsidiaries ("IFES") in October 2013. Refer to Note 3. Business Combinations for additional information. Following the Business Combination, the Company acquired additional outstanding shares of AIA to increase its ownership of AIA's shares to 94% and in April 2014, the Company acquired the remaining 6% such that as of December 31, 2014, the Company owned 100% of AIA.

Note 2. Basis of Presentation and Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements.

Basis of Presentation

Since Row 44 was deemed the accounting acquirer in the Business Combination consummated on January 31, 2013, the historical financial information for the year ended December 31, 2012 reflects the financial information and activities only of Row 44. In conjunction with the Business combination on January 31, 2013, outstanding shares of Row 44 par value $0.0001 common stock were converted into the Company's par value $0.0001 common stock. As Row 44 was deemed the accounting acquirer in the Business Combination, the historical financial information for the year ended December 31, 2012 reflects the financial information and activities only of Row 44 as the predecessor entity. The historical equity of Row 44 has been retroactively adjusted to reflect the equity structure of GEAC, using the respective exchange ratios established in the Business Combination, which reflects the number of shares GEAC issued to equity holders of Row 44 at the Business Combination date. The retroactive revision of Row 44's equity as of January 1, 2011 includes Row 44's redeemable preferred stock, certain vested warrants and stock options had they been converted as of January 1, 2010, which is consistent with the terms of the transaction. Accordingly, all common and preferred shares and per share amounts for all periods presented in these consolidated financial statements and notes thereto have been adjusted retrospectively, where applicable, to reflect the respective exchange ratios established in the Business Combination. For details on the Row 44 share conversion to the Company's common stock, refer to the Company's definitive proxy statement filed on Schedule 14A on January 17, 2013.

The presented financial information for the year ended December 31, 2013 includes the financial information and activities of Row 44 for the period January 1, 2013 to December 31, 2013 (365 days) as well as the financial information and activities of GEE and AIA for the period January 31, 2013 to December 31, 2013 (335 days), PMG for the period July 10, 2013 to December 31, 2013 (175 days) and IFES for the period October 18, 2013 to December 31, 2013 (75 days). The presented financial information for the year ended December 31, 2014 includes the financial information and activities of Purple for the period from August 2, 2014 to December 31, 2014 (152 days).

Principles of Consolidation

Investments that the Company has the ability to control, through a majority voting interest or otherwise, or with respect to which it is the primary beneficiary, are consolidated. Earnings or losses attributable to any non-controlling interests in a Company subsidiary, such as the non-controlling interests in AIA through April 2014, are included in net income (loss) in the Company's consolidated statements of operations. Any investments in affiliates over which the Company has the ability to exert significant influence, but does not control and with respect to which it is not the primary beneficiary, are accounted for using the equity method of accounting. Investments in affiliates for which the Company has no ability to exert significant influence are accounted for using the cost method of accounting. During the year ended December 31, 2013, the Company acquired an approximate 18% interest in a privately held company for approximately $1.5 million. During the year ended December 31, 2014, the Company recognized an impairment loss on the investment of $1.5 million included in other income (expense), net in the Company's consolidated statements of operations.

Acquisitions are included in the Company's consolidated financial statements from the date of the acquisition. The Company uses purchase accounting for its acquisitions, which results in all assets and liabilities of acquired businesses being recorded at their estimated fair values on the acquisition dates. See "*Business Acquisitions and Supplemental Pro Forma Information."* All intercompany balances and transactions have been eliminated in consolidation, including the shares that AIA owns in the Company's through its historical investment in Row 44, which is accounted for as treasury stock in the consolidated financial statements.

Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue (relative selling price of deliverables) and expenses during the reporting period. Significant items subject to such estimates and assumptions include revenue, deferred revenue, allowance for doubtful accounts, fair value of issued common stock warrants, the assigned value of acquired assets and assumed and contingent liabilities associated with business combinations, valuation of media content and connectivity equipment inventory, useful lives and impairment of property and equipment, intangible assets, goodwill and other assets, the fair value of the Company's equity-based compensation awards, and deferred income tax assets and liabilities. Actual results could differ materially from those estimates. On an ongoing basis, the Company evaluates its estimates compared to historical experience and trends, which form the basis for making judgments about the carrying value of assets and liabilities.

Revenue Recognition

The Company recognizes revenue when four basic criteria are met: persuasive evidence of a sales arrangement exists; performance of services has occurred; the sales price is fixed or determinable; and collectability is reasonably assured. The Company considers persuasive evidence of a sales arrangement to be the receipt of a signed contract or purchase order agreement. Collectability is assessed based on a number of factors, including transaction history and the credit worthiness of a customer. If it is determined that the collection is not reasonably assured, revenue is not recognized until collection becomes reasonably assured, which is generally upon receipt of cash. The Company records cash received in advance of revenue recognition as deferred revenue.

For arrangements with multiple deliverables, the Company allocates revenue to each deliverable if the delivered item(s) has value to the customer on a standalone basis and, if the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item(s) is considered probable and substantially in the control of the Company. The fair value of the selling price for a deliverable is determined using a hierarchy of (1) Company specific objective and reliable evidence, then (2) third-party evidence, then (3) best estimate of selling price. The Company allocates any arrangement fee to each of the elements based on their relative selling prices.

When the Company enters into revenue sharing arrangements where it acts as the primary obligor, the Company recognizes the underlying revenue on a gross basis. In determining whether to report revenue gross for the amount of fees received from its customers, the Company assesses whether it maintains the principal relationship, whether it bears credit risk and whether it has latitude in establishing prices with the airlines.

The Company's revenue is principally derived from the following services:

Connectivity

Equipment Revenue. Equipment revenue is recognized when title and risk pass to the buyer, which is generally upon shipment or arrival at destination depending on the contractual arrangement with the customer. In determining whether an arrangement exists, the Company ensures that a binding arrangement is in place, such as a standard purchase order or a fully executed customer-specific agreement. In cases where a customer has the contractual ability to accept or return equipment within a specific time frame, the Company will provide for return reserves when and if necessary, based upon historical experience.

In certain cases where the Company sells its equipment on a stand-alone basis, it may charge a fee for obtaining Supplemental Type Certificates (“STCs”) obtained from the Federal Aviation Administration, which allow its equipment to operate on certain model/type of aircraft. To the extent that the Company contracts to sell STCs fees in equipment-only sales, the Company will record these fees as revenue. Total STC fees recognized as revenue in the years ended December 31, 2014, 2013 and 2012 were $0.6 million, $0.7 million and $0.2 million, respectively.

Included in equipment revenue are certain deferred obligations that exist pursuant to the Company's contractual arrangements and typically include, but are not limited to, technical support, regulatory support, network support and installation support. These support-based arrangements are customarily bundled with the Company's contracts and are accounted for as a single unit of account. To the extent that these support services have value on a standalone basis, the Company allocates revenue to each element in the arrangement based upon their relative fair values. Fair value is determined based upon the best estimate of the selling price, and the fair value of undelivered elements is deferred and recognized over the performance or contractual period and is included in equipment revenue. The most significant of the deferred obligations are typically network support, which includes 24/7 operational support for the airlines for which the Company incurs significant and periodic external and internal costs to deliver on a daily basis.

Service Revenue. Service revenue includes in-flight Wi-Fi Internet services, live television, on-demand content, music sponsorship, shopping and click-through advertising revenue from travel-related information. Service revenue is recognized after it has been rendered and the customer can use the service, which customarily is in the form of (i) enplanement for boarded passengers, (ii) usage by passengers, depending upon the specific contract, and (iii) other revenues such as advertising sponsorship. The Company assesses whether performance criteria have been met and whether its service fees are fixed or determinable based on a reconciliation of the performance criteria and an analysis of the payment terms associated with the transaction. The reconciliation of the performance criteria generally includes a comparison of third-party performance data to the contractual performance obligation and to internal or customer performance data in circumstances where that data is available.

In certain cases, the Company records service revenue based on available and preliminary information from its network operations. Amounts collected on the related receivables may vary from reported information based upon third party refinement of estimated and reported amounts owed that generally occurs typically within thirty days of the period end. For all years presented, the difference between the amounts recognized based on preliminary information and cash collected was not material.

Content

Licensing Revenue. Content licensing revenue is principally generated through the sale or license of media content, video and music programming, applications, and video games to the airlines, and to a lesser extent through various services such as encoding and editing of media content. Revenue from the sale or license of content is recognized when the content has been delivered and the contractual performance obligations have been fulfilled, generally at the time a customer's license period begins. For arrangements in which the license period commences after the delivery of content, revenue is not recognized until the license period commences even if delivery and performance obligations have already occurred. In certain cases, the Company estimates licensing revenues from airline customers. The Company believes it has the ability to reasonably estimate the amounts that will ultimately be collected such that it recognizes these amounts when earned.

Services Revenue. Content services revenue, such as technical services, the encoding of video products, development of graphical interfaces or the provision of materials, are billed and recognized as services are performed.

The Company extends credit to its customers. An allowance for doubtful accounts is maintained for estimated losses resulting from the inability of the Company's customers to make required payments. Management specifically analyzes the age of customer balances, historical bad debt experience, customer credit-worthiness, and changes in customer payment terms when making estimates of the collectability of the Company's trade accounts receivable balances. If the Company determines that the financial condition of any of its customers has deteriorated, whether due to customer specific or general economic issues, an increase in the allowance may be made. After all attempts to collect a receivable have failed, the receivable is written off. The following table provides a reconciliation in the change in the Company’s allowance for doubtful accounts for the years ended December 31st (in thousands):

	2014	**2013**
Accounts receivable, gross	$ 92,985	$ 66,145
Less: Allowance for doubtful accounts	$ (7,468)	$ (1,929)
Accounts receivable, net	$ 85,517	$ 64,216

Movements in the balance for allowance for doubtful accounts for the years ended December 31, 2014, 2013, and 2012, are as follows (in thousands):

	2014	2013	2012
Beginning balance	1,929	7	—
Bad debt reserve acquired in acquisition	—	1,931	—
Bad debt expense	5,539	760	7
Less: Bad debt write offs	—	(769)	—
Ending balance	7,468	1,929	7

Included in the bad debt expense for the year ended December 31, 2014 is, a provision of $4.1 million related to certain accounts receivables owed for services and equipment shipped to a Russian customer in 2013 and the first half of 2014. The Company believes that the recent trade sanctions imposed by the European Union and the United States on Russia in combination with aging of such receivable in 2014 adversely affect the likelihood of collectability of such accounts receivable, and as a result the Company recorded an allowance of $4.1 million during the year ended December 31, 2014. At December 31, 2014, the Russian customer had a total outstanding accounts receivable balance of $4.1 million.

Cost of Sales

Connectivity

Connectivity costs of sales consist primarily of equipment fees paid to third party manufacturers, certain revenue recognized by the Company and shared with its customers or partners as a result of its revenue-sharing arrangements, Internet connection and satellite charges and other platform operating expenses associated with the Company's Connectivity business, including depreciation of internally developed software, website development costs, hardware and services used to build and operate the Company's Connectivity platform, and personnel costs relating to information technology.

Content

Content costs of sales consist primarily of the costs to license or purchase media content, and direct costs to service content for airlines, maritime and other non-theatrical markets such as schools. Included in Content cost of sales is amortization expense associated with the purchase of film content libraries acquired in business combinations and in the ordinary course of business, support cost and occupancy costs.

Sales and marketing

Sales and marketing expense are primarily comprised of personnel costs related to the Company's sales and marketing staff, advertising costs, including promotional events and other brand building and product marketing expenses, corporate communications, certain professional fees, occupancy costs and travel expenses.

Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2014, 2013 and 2012 were not material.

Product Development

Product research and software development costs, other than certain internal-use software costs qualifying for capitalization, are expensed as incurred. Costs of computer software or websites developed or obtained for internal use that are incurred in the preliminary project and post implementation stages are expensed as incurred. Certain costs of developing internal-use software incurred during the application and development stage, which include employee and outside consulting compensation and related expenses, costs of computer hardware and software, website development costs and costs incurred in developing additional features and functionality of the services, are capitalized. The estimated useful life of costs capitalized is evaluated for each specific project. Capitalized costs are generally amortized using the straight-line method over a three year estimated useful life, beginning in the period in which the software is ready for its intended use. Unamortized amounts are included in property and equipment, net in the accompanying consolidated balance sheets. Capitalized software development costs totaled $3.3 million and $1.4 million for the years ended December 31, 2014 and 2013, respectively. There were no software development costs capitalized during the year ended December 31, 2012.

The Company's product development expenditures are focused on developing new products and services, and obtaining STCs as required by the Federal Aviation Administration for each model/type of aircraft prior to providing Connectivity services. To the extent that the Company is contracted to obtain STCs, and customers reimburse these costs, the Company will record these reimbursements directly against its product development expenses.

Stock-Based Compensation

Stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period, which is the vesting period, on a straight-line basis. The Company uses the Black-Scholes option pricing model to determine the grant date fair value of stock options, none of which include market conditions. The Black-Scholes model requires the Company to estimate the expected volatility and the expected term of the stock options which are highly complex and subjective variables. The variables take into consideration, among other things, actual and projected employee stock option exercise behavior. The Company uses a predicted volatility of its stock price during the expected life of the options that is based on the historical performance of the Company's stock price as well as including an estimate using similar companies. Expected term is computed using the simplified method as the Company's best estimate given its lack of actual exercise history. The Company has selected a risk-free rate based on the implied yield available on U.S. Treasury securities with a maturity equivalent to the expected term of the stock. Stock-based awards are comprised principally of stock options and restricted stocks.

Stock-based awards issued to non-employees are accounted for at fair value determined using the Black-Scholes option-pricing model. Management believes that the fair value of the stock options is more reliably measured than the fair value of the services received. The fair value of each non-employee stock-based compensation award is re-measured each period until performance is completed, which is generally the vesting date.

Stock and Warrant Repurchases

Shares repurchased by the Company are accounted for when the transaction is settled. Repurchased shares held for future issuance are classified as treasury stock. Shares formally or constructively retired are deducted from common stock at par value and from additional paid in capital for the excess of cash paid over par value. If additional paid in capital has been exhausted, the excess over par value is deducted from retained earnings. Direct costs incurred to acquire the shares are included in the total cost of the repurchased shares.

Warrants repurchased are accounted for at their fair value on the date the transaction is settled. Any difference between cash paid, or the value of common stock exchanged, and the fair value of warrant repurchases on the settlement date is recorded as an income (expense) in the Company’s consolidated statement of operations.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an initial maturity of 90 days or less to be cash equivalents.

Restricted Cash

The Company maintains certain letters of credit agreements with its airline partners, which are secured by the Company's cash for periods of less than one year and up to three years. As of December 31, 2014 and 2013, the Company had restricted cash of $3.7 million and $3.3 million, respectively. As of December 31, 2014 and 2013, there was $1.5 million and $1.0 million of restricted cash included in other current assets, respectively, and $2.2 million and $2.3 million of restricted cash included in other long term assets, respectively, in the consolidated balance sheets.

Derivative Financial Instruments and Hedges

All derivatives are accounted for on a fair value basis. Embedded derivative instruments subject to bifurcation are also accounted for on a fair value basis. The change in fair value of derivatives is recorded through earnings. Cash flows from embedded derivatives subject to bifurcation are reported consistently with the host contracts within the statements of cash flows.

The Company sometimes uses derivative financial instruments such as interest rate swaps to hedge interest rate risks. These derivatives are recognized at fair value on the transaction date and subsequently remeasured at fair value. Derivatives are measured as financial assets when their fair value is positive and as financial liabilities when their fair value is negative. Gains or losses on changes in the fair value of derivatives are recognized immediately in its consolidated statement of operations as a component of other income (expense) as they do not qualify for hedge accounting.

Long-Lived Assets

The Company evaluates the recoverability of its long-lived assets with finite useful lives, including its infinite lived intangible assets acquired in business combinations, for impairment when events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Such trigger events or changes in circumstances may include: a significant decrease in the market price of a long-lived asset, a significant adverse change in the extent or manner in which a long-lived asset is being used, significant adverse change in legal factors or in the business climate, including those resulting from technology advancements in the industry, the impact of competition or other factors that could affect the value of a long-lived asset, a significant adverse deterioration in the amount of revenue or cash flows we expect to generate from an asset group, an accumulation of costs significantly in excess of the amount originally expected for the acquisition or development of a long-lived asset, current or future operating or cash flow losses that demonstrate continuing losses associated with the use of a long-lived asset, or a current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. The Company performs impairment testing at the asset group level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. If events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable and the expected undiscounted future cash flows attributable to the asset group are less than the carrying amount of the asset group, an impairment loss equal to the excess of the asset's carrying value over its fair value is recorded. Fair value is determined based upon estimated discounted future cash flows. Through December 31, 2014, the Company has identified no such impairment loss. Assets to be disposed of would be separately presented on the balance sheets and reported at the lower of their carrying amount or fair value less costs to sell, and would no longer be depreciated or amortized.

Inventory, net

Equipment inventory. Equipment inventory, which is classified as finished goods, is comprised of individual equipment parts and assemblies and are recorded at the lower of cost or market. The Company provides inventory write-downs based on excess and obsolete inventories determined primarily by future demand forecasts. The write-down is measured as the difference between the cost of the inventory and market, based upon assumptions about future demand and charged to the provision for inventory, which is a component of cost of goods sold. At the point of the loss recognition, a new, lower cost basis for that inventory is established, and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

At December 31, 2014 and 2013, there was approximately $7.8 million and $6.2 million, respectively, of deferred equipment costs included in inventory and other long-term assets. The deferred equipment costs pertain to certain costs expended in advance of services for one airline, and are amortized ratably over the underlying term of the agreement through 2020.

The Company is not directly responsible for warranty costs related to equipment it sells to its customers. The vendors that supply each of the individual parts, which comprise the assemblies sold by the Company to customers, are responsible for equipment warranty directly to the customer.

During the year ended December 31, 2013, the Company purchased and capitalized $5.3 million of Connectivity equipment, which is installed on aircrafts of a single customer to facilitate expanded services over a five-year period free of charge. The Company capitalized the costs of this equipment on its balance sheet as it retained legal title to the equipment over the five-year use period, and will depreciate these costs over their five-year useful life period. There were no additional equipment costs capitalized during the year ended December 31, 2014

Content Library

The content library was acquired in the AIA stock purchase and was recorded at fair value. The useful life of licensed film rights within the content library corresponds to the respective period over which the film rights will be licensed and generate revenues over a period of 1.5 years. Licensed film rights acquired in the AIA acquisition are amortized ratably over their expected revenue streams and included in cost of sales. Licensed film rights acquired subsequent to the AIA acquisition are amortized based upon the expected revenue streams and included in cost of sales. Certain film rights in the Company's portfolio may be used in perpetuity under certain conditions. The content library is tested for impairment periodically, but no less than annually. Considering the marketability of the given film right, an impairment loss is recognized as necessary. If the estimated future cash flows for a given film right are lower than its carrying amount as of the reporting date, an impairment loss is recognized in such period.

Subsequent to the AIA stock purchase, additions to the content library represent minimum guaranteed amounts or flat fees to acquire film rights from film studios. Amounts owed in excess of the capitalized minimum guarantees are expensed and accrued as a liability when the Company's revenues from licensing the film right have fully recouped the minimum guarantee based on the contractual royalty rates.

Property, Plant, & Equipment, net

Property, plant and equipment is measured at cost less accumulated depreciation and/or impairment losses. Straight-line depreciation is based on the underlying assets' useful lives. The estimated useful life of technical and operating equipment is 3 to 10 years. Leasehold improvements are amortized on the straight-line method over the shorter of the remaining lease term or estimated useful life of the asset. Buildings are amortized on the straight-line method over 30 years.

Upon the sale or retirement of property or equipment, the cost and related accumulated depreciation or amortization is removed from the Company's financial statements with the resulting gain or loss reflected in the Company's results of operations. Repairs and maintenance costs are expensed as incurred. In the event that property and equipment is no longer in use, the Company will record a loss on disposal of the property and equipment, which is computed as the net remaining value of the related equipment at the date of disposal.

Intangible Assets and Goodwill

The Company performs valuations of assets acquired and liabilities assumed on each acquisition accounted for as a business combination, and allocates the purchase price of each acquired business to its respective net tangible and intangible assets. Acquired intangible assets principally include customer relationships, technology, and content library. The Company determines the appropriate useful life by performing an analysis of expected cash flows based on historical experience of the acquired businesses. Intangible assets are amortized over their estimated useful lives using the straight-line method, which approximates the pattern in which the majority of the economic benefits are expected to be consumed.

Amortization of film rights intangible assets with finite useful lives is recognized in the statements of operations under cost of sales.

Goodwill represents the excess of the cost of an acquired entity over the fair value of the acquired net assets. Goodwill is not amortized, instead it is tested for impairment annually or when events or circumstances change that would indicate that goodwill might be impaired. Events or circumstances that could trigger an impairment review include, but are not limited to, a significant adverse change in legal factors or in the business climate, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, significant changes in the manner of the Company's use of the acquired assets or the strategy for the Company's overall business, significant negative industry or economic trends or significant under-performance relative to expected historical or projected future results of operations.

Goodwill is tested for impairment at the reporting unit level annually, which is one level below or the same as an operating segment. As of December 31, 2014, the Company determined that it has two reporting units, Content and Connectivity. When testing goodwill for impairment, the Company first performs a qualitative assessment to determine whether it is necessary to perform step one of a two-step annual goodwill impairment test for each reporting unit. The Company is required to perform step one only if it concludes that it is more likely than not that a reporting unit's fair value is less than its carrying value. Should this be the case, the first step of the two-step process is to identify whether a potential impairment exists by comparing the estimated fair values of the Company's reporting units with their respective book values, including goodwill. If the estimated fair value of the reporting unit exceeds book value, goodwill is considered not to be impaired, and no additional steps are necessary. If, however, the fair value of the reporting unit is less than book value, then the second step is performed to determine if goodwill is impaired and to measure the amount of impairment loss, if any. The amount of the impairment loss is the excess of the carrying amount of the goodwill over its implied fair value. The estimate of implied fair value of goodwill is primarily based on an estimate of the discounted cash flows expected to result from that reporting unit, but may require valuations of certain internally generated and unrecognized intangible assets such as the Company's software, technology, patents and trademarks. If the carrying amount of goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to the excess.

As of December 31, 2014, the entire balance of goodwill of $53.0 million was attributed to the Company's Content reporting unit. The Company's most recent annual impairment analysis was performed on October 1, 2014 and based upon its quantitative and qualitative assessment, the Company determined that there was no impairment of its goodwill balance at December 31, 2014. Refer to Note 3. Business Combinations for changes during the year affecting the Goodwill balances since the business acquisition date.

Business Acquisitions and Supplemental Pro Forma Information

The Company accounts for acquisitions of businesses using the purchase method of accounting where the cost is allocated to the underlying net tangible and intangible assets acquired, based on their respective estimated fair values. The excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. Determining the fair value of certain acquired assets and liabilities is subjective in nature and often involves the use of significant estimates and assumptions, including, but not limited to, the selection of appropriate valuation methodology, projected revenue, expenses and cash flows, weighted average cost of capital, discount rates, estimates of advertiser and publisher turnover rates and estimates of terminal values. Additionally, any non-controlling interests in an acquired business are recorded at their acquisition date fair values. Business acquisitions are included in the Company's consolidated financial statements as of the date of the acquisition.

On January 31, 2013, the Company completed the acquisition of 86% of the issued and outstanding shares of AIA, a media content distributor to the airline industry with corporate headquarters based in Munich, Germany. Following the Business Combination, the Company acquired additional outstanding shares of AIA to increase its ownership of AIA’s shares to 94% as of December 31, 2013, and in April 2014, the Company acquired the remaining outstanding shares in AIA. On July 10, 2013, the Company acquired substantially all of the assets of Post Modern Edit, LLC and related entities. On October 18, 2013, the Company completed the acquisitions of 100% of the issued and outstanding shares of the U.K parent of IFES. On August 2, 2014, the Company acquired substantially all of the assets of Purple Inflight Entertainment Private, Ltd. All of these acquisitions were accounted for as business combinations. Refer to Note 3. Business Combinations for further information on the acquisitions of AIA, PMG FES and Purple in 2014 and 2013.

Deferred Revenue and Costs

Deferred revenue consists substantially of amounts received from customers in advance of the Company's performance service period and fees deferred for future support services. Deferred revenue is recognized as revenue contents and services have been delivered to customers or on a systematic basis that is proportionate to the period that the underlying services are rendered, which in certain arrangements is straight-line over the remaining contractual term or estimated customer life of an agreement.

In the event the Company sells its equipment at or below its cost, and a portion of the related equipment revenue was allocated to other elements in the arrangement, the Company will defer an equal amount of such equipment costs on its balance sheets. Deferred costs are amortized to expense concurrent with the recognition of the related revenue and the expense is included in cost of sales.

Net Income (Loss) Per Share

Basic earnings (loss) per share is computed using the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share are computed using the weighted-average number of common shares and the dilutive effect of contingent shares outstanding during the period. Potentially dilutive contingent shares, which primarily consist of stock options issued to employees and warrants issued to third parties have been excluded from the diluted loss per share calculation because their effect is anti-dilutive.

Foreign Currency

The vast majority of the Company's foreign subsidiaries' customers are airlines and major US-based studios. As the standard currency of transacting for service revenue and related costs of the worldwide airline industry is the U.S. dollar, the Company concluded that the financial position and results of operations of the majority of its foreign subsidiaries are determined using the US dollar currency as the functional currency. Current or liquid assets and liabilities of these subsidiaries are remeasured at the exchange rate in effect at each period end. Long term assets such as goodwill, purchased intangibles and property and equipment are remeasured at historical exchange rates. The vast majority of the income statement accounts are translated at the average rate of exchange prevailing during the period, with the exception of amortization and depreciation expense, which are remeasured using historical exchange rates. Adjustments arising from the fluctuations in exchange rates for the translation of financial statements from period to period are included in the consolidated statements of operations.

Income Taxes

Deferred income tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of assets and liabilities and the amounts that are reported in the income tax returns. Deferred taxes are evaluated for realization on a jurisdictional basis. The Company records valuation allowances to reduce deferred tax assets to the amount that is more likely than not to be realized. In making this assessment, management analyzes future taxable income, reversing temporary differences and ongoing tax planning strategies. Should a change in circumstances lead to a change in judgment about the realizability of deferred tax assets in future years, the Company will adjust related valuation allowances in the period that the change in circumstances occurs, along with a corresponding increase or charge to income. Due to the uncertainty over its ability to realize future taxable income in certain jurisdictions, the Company has recorded a valuation allowance of $70.9 million and $48.9 million against its domestic deferred tax assets as of December 31, 2014 and 2013, respectively, and $2.8 million and $1.9 million against its foreign deferred tax assets as of December 31, 2014, respectively.

The Company is subject to the accounting guidance for uncertain income tax positions. The Company's policy for recording interest and penalties associated with uncertain tax positions is to record such items as a component of income tax expense.

Fair Value Measurements

The accounting guidance for fair value establishes a framework for measuring fair value and establishes a three-level valuation hierarchy for disclosure of fair value measurement. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1: Observable quoted prices in active markets for identical assets and liabilities.

- Level 2: Observable quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

- Level 3: Model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models, and similar techniques.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The assets and liabilities which are fair valued on a recurring basis are described below and contained in the following tables. In addition, the Company may be required to record other assets and liabilities at fair value on a nonrecurring basis. These non-recurring fair value adjustments involve the lower of carrying value or fair value accounting and write downs resulting from impairment of assets.

The following tables summarize the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2014, and 2013, respectively (in thousands):

	December 31, 2014	Quotes Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Earn-out liability (1)	1,710	—	—	1,710
Global Eagle warrants (2)	52,671	52,671	—	—
Total financial liabilities	54,381	52,671	—	1,710

	December 31, 2013	Quotes Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Earn-out liability (1)	$ 1,421	$ —	$ —	$ 1,421
Global Eagle warrants (2)	71,570	71,570	—	—
Total financial liabilities	$ 72,991	$ 71,570	$ —	$ 1,421

(1) Includes $1.7 million and $1.4 million earn-out liability for EIM, a subsidiary of AIA assumed in the Business Combination for the years ended December 31, 2014 and 2013, respectively.

(2) Includes 10,148,508 public warrants at December 31, 2014 and 15,904,383 public warrants, including 333,333 sponsor warrants at December 31, 2013.

The valuation methodology used to estimate the fair value of the financial instruments in the table above is summarized as follows:

Earn-Out Liability. The fair value of the earn-out liability was largely comprised of an assumed obligation in the AIA stock purchase and is estimated by using the income approach. Based on the respective purchase agreements, management estimated best case, base case, and worst case scenarios and discounted it to a present value. The sum of the discounted weighted average probabilities was used to arrive at the fair value of the earn-out liability. Changes in the fair value of the earn-out liability are included in general and administrative expenses in the consolidated statements of operations.

Derivative Warrants. The fair value of Global Eagle's warrants, recorded as derivative warrant liabilities, is determined by the Company using the quoted market prices for the Company's over the counter publicly traded warrants. On reporting dates where there are no active trades, the Company uses the last reported closing trade price of the warrants to determine the fair value. The Company recorded an expense from the change in the fair value of these warrants during the years ended December 31, 2014 and 2013 of approximately $7.0 million and $64.0 million, respectively. There was no income (expense) from these warrants in the year ended December 31, 2012.

The fair value of certain warrants assumed by the Company upon the acquisition of Row 44 were determined using the Black-Scholes model, which utilizes level 3 unobservable inputs. Significant inputs used in valuing the derivatives included (i) the Company's current stock price, (ii) the Company's expected stock-price volatility, and (iii) the contractual term of the instrument. Significant increases (decreases) in any of these inputs could result in a significantly lower (higher) fair value measurement. Generally, a change in the assumption used for the contracted term is accompanied by a change in the assumption used for the risk-free rate and the expected stock volatility. During the year ended December 31, 2013, these warrants were reclassified from derivative liabilities to stockholders' equity due to certain exercise price adjustments that expired on June 7, 2013.

Prior to June 7, 2013, the change in the fair value of the legacy Row 44 warrant derivative liabilities was presented as a part of changes in fair value of derivatives in the accompanying consolidated statements of operations. Expense from these warrants for the year ended December 31, 2013 and 2012 was $0.1 million and $3.6 million, respectively. Refer to Note 12.

Stock Options, Common Stock and Warrants for the level 3 assumptions used in the level 3 Black-Scholes model calculations on the warrants.

Financial assets and liabilities, which include financial instruments as defined by ASC 820, include cash and cash equivalents, accounts receivable, accounts payable and notes payable. The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable are a reasonable approximation of fair value due to the short maturities of these instruments.

Notes Payable

The Company classifies its notes payable within the level 2 of the fair value hierarchy because it uses discount rates for similar credit-rated companies that are publicly available and widely observable as an input to estimate fair value. The fair value presented above is calculated based on the present value of expected principal and interest cash flows given the short term nature of its maturity.

The following table shows both the carrying amounts, which approximate the fair values, of the Company's notes payable in the consolidated financial statements (in thousands):

	December 31, 2014		December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Notes payable	$ 3,015	$ 3,015	$ 10,801	$ 10,801

The following tables present the fair value roll-forward reconciliation of level 3 assets and liabilities measured at fair value for the year ended December 31, 2014, and 2013, respectively (in thousands):

	Earn-Out Liabilities
Balance, December 31, 2013	$ 1,421
Fair value of earn-out liability assumed in Purple Inflight Entertainment's acquisition	136
Net changes in valuation	1,580
Payments of earn-out liability	(1,427)
Balance, December 31, 2014	$ 1,710

	Series C Warrants	Common Stock Warrants	Earn-Out Liability	Total
Balance, December 31, 2012	$ 5,482	$ 2,696	$ —	$ 8,178
Reclassification to equity	(2,879)	(2,696)	—	(5,575)
Change in value	132	—	—	132
Elimination of Row 44 Series C-1 Preferred Warrants held by AIA	(2,735)	—	—	(2,735)
Level 3 EIM earn-out liability	—	—	1,421	1,421
Balance, December 31, 2013	$ —	$ —	$ 1,421	$ 1,421

Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)," ("ASU 2014-09"). ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. The pronouncement is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and early adoption is not permitted. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. The Company is currently evaluating the impact that adopting this new accounting guidance will have on its consolidated financial statements and footnote disclosures.

In June 2014, the FASB issued ASU No. 2014-12, “Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period” (“ASU 2014-12”). The amendments in ASU 2014-12 require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. A reporting entity should apply existing guidance in Accounting Standards Codification Topic No. 718, “Compensation - Stock Compensation” (“ASC 718”), as it relates to awards with performance conditions that affect vesting to account for such awards. The amendments in ASU 2014-12 are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Early adoption is permitted. Entities may apply the amendments in ASU 2014-12 either: (i) prospectively to all awards granted or modified after the effective date; or (ii) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. The Company is currently evaluating the potential impact of the adoption of the new guidance will have on its consolidated financial statements and footnote disclosures.

In August 2014, the FASB issued ASU No. 2014-15, "Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern" ("ASU 2014-15"). ASU 2014-15 provides guidance on management’s responsibility in evaluating whether there is substantial doubt about an entity’s ability to continue as a going concern and to provide related footnote disclosures. ASU 2014-15 is effective for the Company in its fourth quarter of fiscal 2017 with early adoption permitted. The Company is currently evaluating the potential impact of the adoption of the new guidance, which may impact its disclosures at the time of adoption.

In January 2015, the FASB issued ASU No. 2015-01, "Income Statement - Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items" (“ASU 2015-01”). ASU 2015-01 eliminates the concept of an extraordinary item from GAAP. As a result, an entity will no longer be required to segregate extraordinary items from the results of ordinary operations, to separately present an extraordinary item on its income statement, net of tax, after income from continuing operations or to disclose income taxes and earnings-per-share data applicable to an extraordinary item. However, ASU 2015-01 will still retain the presentation and disclosure guidance for items that are unusual in nature and occur infrequently. ASU 2015-01 will be effective for the Company in its first quarter of fiscal 2017. The Company is currently evaluating the potential impact of the adoption of the new guidance, however does not expect the adoption of this new guidance to have a material impact on its consolidated financial statements and footnote disclosures.

Note 3. Business Combinations

Accounting Treatment for the Business Combinations

On January 31, 2013, the Business Combination was consummated, in which a merger subsidiary of GEAC merged with and into Row 44 (the "Row 44 Merger") with Row 44 surviving, and concurrently GEE acquired 86% of the issued and outstanding shares of AIA, which were held by PAR Investment Partners, L.P. ("PAR"). Row 44 is considered the acquirer for accounting purposes, and the Row 44 Merger was accounted for as a recapitalization. The AIA stock purchase was accounted for as an acquisition of a business because the Company obtained effective control of AIA. Row 44 was determined to be the acquirer based on the following facts and circumstances:

- Row 44 had the greatest enterprise value between Row 44 and AIA based on the consideration paid by GEAC;
- The officers of the newly combined company consist primarily of former Row 44 executives, including the Chief Executive Officer, Chief Financial Officer, and General Counsel;

- GEAC paid a premium over the market value of AIA's shares prior to the public announcement of the AIA Stock Purchase;
- As of the date of the Business Combination, the Row 44 and combined Company's headquarters are in the same Los Angeles metropolitan area; and
- The composition of the Board of Directors does not result in the ability of either Row 44 or AIA being able to appoint, elect, or remove a majority of the Board of Directors.

Since the Row 44 Merger was accounted for as a recapitalization, the assets and liabilities of Row 44 and GEAC are carried at historical cost and GEE has not recorded any step-up in basis or any intangible assets or goodwill as a result of the Row 44 Merger. Under the acquisition method, the acquisition-date fair value of the gross consideration transferred to effect the AIA Stock Purchase was allocated to the assets acquired, the liabilities assumed, and non-controlling interest based on their estimated fair values. Transaction costs incurred in 2012 and through January 31, 2013 of $16.4 million were attributable to the Business Combination and were recorded as reductions to retained earnings. In connection with the closing of the Row 44 Merger, the Company paid PAR $11.9 million under a backstop fee agreement. This was recorded as transaction costs reflected in operating results as a general and administrative expense in the year ended December 31, 2013.

At January 31, 2013, the fair values in respect of the AIA Stock Purchase were preliminary and subject to adjustment if additional information was obtained during the measurement period (a period of up to one year from the closing date) of this transaction that would change the fair value allocation as of the acquisition date. At December 31, 2013, the Company finalized the fair value allocation of intangibles and goodwill associated with the AIA stock purchase.

In the consolidated financial statements, the recapitalization of the number of shares of common stock attributable to Row 44 is reflected retroactive to all periods presented, and the number of shares of common stock that was used to calculate the Company's earnings per share for all periods prior to the Business Combination is reflective of the outstanding shares during such periods on an as-if converted basis.

Row 44 Merger

Pursuant to the Row 44 Merger Agreement, all shares of capital stock of Row 44 then outstanding were converted into the right to receive shares of common stock of the Company, and all options to purchase common stock of Row 44 then outstanding were net stock settled for shares of common stock of the Company. In exchange for the shares of Row 44, the Company issued at closing 23,405,785 shares of GEAC common stock to the Row 44 equity holders. AIA's ownership of 3,053,634 shares of GEE stock was deemed to be treasury stock when the AIA stock purchase was consummated concurrently.

The cash flows related to the Row 44 Merger in the Business Combination, as reported in the consolidated statements of cash flows within the investing section for the year ended December 31, 2013, is summarized as follows (in thousands):

	Amount
Operating cash	$ 8
Add: cash held in trust	189,255
Less: cash paid for GEAC shares that were redeemed	(101,286)
Add: cash received from backstop participants	71,250
Net cash received from Row 44 Merger	$ 159,227

AIA Stock Purchase

The acquisition date fair value of the consideration transferred totaled $144.3 million. The fair value was determined based on the closing market price of the Company's common stock on January 31, 2013. The goodwill recorded for the AIA stock purchase was $35.4 million, and key factors that contributed to the recognition of AIA goodwill were principally the acquisition of a trained workforce, the opportunity to expand operations internationally within the airline industry, and the opportunity to generate future savings through synergies with the existing business. None of the goodwill is deductible for tax purposes.

The consideration to acquire AIA was allocated to the acquisition date fair values of assets acquired and liabilities assumed as follows (in thousands):

		Amount
Goodwill	$	35,385
Existing technology – software		2,574
Existing technology – games		12,331
IPR&D		7,317
Customer relationships		80,758
Other intangibles		2,568
Content library		14,297
Accounts receivable, net of allowances		31,984
Deferred tax liability		(28,752)
Current liabilities		(56,548)
Other assets acquired, net of liabilities assumed		67,630
Net assets acquired		169,544
Less: Non-controlling interests		25,287
Total consideration transferred	$	144,257

As a result of the AIA Stock Purchase, a non-controlling interest was recorded on the Company's consolidated balance sheets. The fair value of the non-controlling interest on the acquisition date was determined based upon the fair value of AIA common stock on the closing date. Since the acquisition date, the results of AIA have been included in the Company’s consolidated financial results for the eleven months ended December 31, 2013 and the twelve months ended December 31, 2014 in the Content operating segment. Since the acquisition date, the amount of revenue for AIA included in the consolidated statements of operations for the year ended December 31, 2013 was $152.8 million.

Following the Business Combination, the Company acquired additional outstanding shares of AIA to increase its ownership of AIA's shares to 94% as of December 31, 2013. In April 2014, the Company acquired the remaining outstanding shares in AIA for a total cash consideration of approximately $21.7 million, including approximately $0.6 million of transaction costs. The purchase price and related acquisition costs of approximately $0.6 million exceeded the book value by approximately $11.2 million. This excess is reflected as a reduction in additional paid in capital during the year ended December 31, 2014.

PMG Asset Purchase

On July 9, 2013, the Company purchased substantially all the assets of Post Modern Edit, LLC and related entities to further expand its leadership in delivering media and content solutions to the global travel industry. Pursuant to the terms of the purchase, the Company acquired such assets of PMG in exchange for approximately $10.6 million in cash, 431,734 shares of common stock for a fair value of $4.4 million and the assumption of approximately $3.3 million in debt and $0.4 million in certain accrued obligations. In addition, the sellers of the PMG assets had the opportunity to receive an additional $5.0 million in cash if, among other things, the PMG business, combined with certain AIA businesses, achieved certain financial target milestones from the second half of 2013 through December 31, 2014 (the “PMG Earn Out”). Due to the fact that the PMG Earn Out was tied to the fulfillment of certain post-closing employment obligations by certain PMG executives, the Company is required to account for the PMG Earn Out as compensation to the sellers and is recognized as an expense, over the requisite service period. During the year ended December 31, 2013, the Company accrued for approximately $0.3 million of the PMG Earn Out obligation. In June 2014, the sellers of the PMG Assets waived the PMG Earn Out and certain other purchase obligations and PMG seller rights in exchange for cash consideration of $2.5 million (the “Additional PMG Consideration”). Fifty percent of the Additional PMG Consideration was due and paid ten days after the execution of the agreement, and the remaining $1.25 million is payable in four equal quarterly installments through the first half of 2015. At December 31, 2014, the accrued liability for the Additional PMG Consideration was $0.9 million.

The goodwill recorded for the PMG asset purchase was $4.8 million, and key factors that contributed to the recognition of PMG goodwill were principally trained workforce, the opportunity to consolidate and complement existing AIA operations within the airline industry, and the opportunity to generate future savings through synergies with the existing business. As a result of the asset purchase of PMG, the goodwill is deductible for tax purposes.

As of December 31, 2014 and 2013, the Company held 75,000 and 151,420, respectively, of the total 431,734 shares of common stock issuable to the sellers in escrow, which are subject to certain standard warranties and representations and scheduled to be released to the sellers upon final settlement of certain post-closing terms.

The consideration to acquire PMG was allocated to the acquisition date fair values of assets acquired and liabilities assumed as follows (in thousands):

	Amount
Goodwill	$ 4,843
Trade Names	1,171
Customer relationships	10,863
Non-Compete	396
Fixed assets	3,284
Other Assets	1,334
Accounts payable and accrued liabilities	(12,579)
Other assets acquired, net of liabilities assumed	6,384
Total consideration transferred	$ 15,696

Significant other assets acquired and net liabilities assumed and included in the table above were $8.5 million of accounts receivable, $1.1 million of tape-stock inventory and prepaid assets, and $3.3 million of assumed indebtedness pertaining to debt assumed by the Company at the purchase date. The Company incurred approximately $0.3 million in transaction costs associated with the PMG asset purchase. Since the acquisition date, the amount of revenue of PMG included in the consolidated statements of operations for the year ended December 31, 2013 was $25.1 million.

IFES Stock Purchase

On October 18, 2013, the Company acquired the U.K. parent of IFES from GCP Capital Partners LLP and certain individuals for approximately $36.2 million in cash. IFES provides media content for use by airlines in in-flight entertainment and connectivity systems. The acquisition was intended to enhance the Company's Content operating segment.

The following table summarizes the preliminary fair value of the assets and liabilities assumed in the IFES stock purchase (in thousands):

	Amount
Goodwill (1)	$ 12,117
Trade names	341
Customer relationships	28,258
Fixed assets	3,498
Liabilities assumed, net of other assets acquired (1)	(7,968)
Total consideration transferred	$ 36,246

(1) Included in the table above are $0.5 million of deferred tax assets, $6.6 million of deferred tax liabilities and $1.2 million of accrued taxes payable as of the IFES acquisition date, which were prepared using best estimates available. Due to the preliminary nature of IFES financial results prior to the October 18, 2013 acquisition date, the Company was unable to provide an accurate assessment of certain deferred tax assets, deferred tax liabilities and estimated income taxes payable for the period(s) prior to the acquisition date. As a result, these balances were considered preliminary at such time and were finalized during the year ended December 31, 2014.

The preliminary goodwill recorded for the IFES acquisition was $12.1 million, and key factors that contributed to the recognition of IFES goodwill were principally trained workforce, expansion of international operations, the opportunity to consolidate and complement existing AIA and PMG operations within the airline industry, and the opportunity to generate future savings through synergies with the existing business. As a result of the stock purchase of IFES, the goodwill is not deductible for tax purposes. Significant other assets and net liabilities assumed and included in the table above were $8.0 million of accounts receivable, $0.2 million of prepaid and other current assets, $1.9 million positive cash balance, $11.0 million of accounts payable and accrued expenses outstanding and assumed at the purchase date, $1.3 million mortgage relating to the building acquired in the acquisition and a net tax liability for $6.2 million, of which $1.2 million of accrued taxes payable were recorded prior to the acquisition. The net tax liability is made up of a deferred tax asset of $0.5 million and deferred tax liabilities of $6.6 million. The Company incurred approximately $0.5 million in transaction costs associated with the IFES purchase. Since the acquisition date, the results of operation for IFES have been included in the consolidated statements of operations for the remainder of 2013 and the twelve months ended December 31, 2014. Since the acquisition date, the amount of revenue for IFES included in the consolidated statements of operations for the year ended December 31, 2013 was $6.8 million.

As of December 31, 2013, accrued taxes payable and deferred tax liabilities of the IFES Asset Acquisition had been disclosed as preliminary. During the year ended December 31, 2014, the Company finalized its analysis of the fair value of deferred tax liabilities and accrued taxes payable of IFES. The finalization of the tax provision resulted in changes made to provisional amounts recorded for the acquisition, of $0.3 million, which retrospectively decreased the deferred tax asset by $0.4 million and increased deferred tax liability by $0.1 million on December 31, 2013, due to this new information, with a corresponding increase to goodwill.

The following table summarizes the final fair value of the assets and liabilities assumed in the IFES asset purchase after the changes were made during the year ended December 31, 2014 (in thousands):

	Preliminary Allocation of Purchase Price	Adjustments	Purchase Price Allocation, as Adjusted
Goodwill	12,117	308	12,425
Trade names	341	—	341
Customer relationships	28,258	—	28,258
Non-compete	—	—	—
Fixed assets	3,498	—	3,498
Liabilities assumed, net of other assets acquired	(7,968)	(308)	(8,276)
Total consideration transferred	36,246	—	36,246

Purple *Inflight Entertainment Asset Purchase*

On August 2, 2014, the Company purchased substantially all of the assets of Purple Inflight Entertainment to further expand its ability to deliver Indian content in local languages. Pursuant to the terms of the purchase, which was accounted for as a business combination, the Company acquired such assets of Purple in exchange for approximately $0.5 million in cash. In addition, the Company is obligated to make an additional payment to the shareholders of Purple of $0.2 million contingent upon the renewal of the terms of a certain supplier's contract. The estimated fair value of the contingent consideration obligation amounted to $0.1 million as of the acquisition date was determined using a probability factor of 70% for the renewal of the supplier's contract.

The Company allocated the consideration to acquire Purple to finite-lived intangible asset (supplier's relationship) of $0.2 million with an estimated useful life of approximately one year, $0.4 million to goodwill and other net liabilities of less than $0.1 million. Since the acquisition date, the amount of revenue for Purple included in the consolidated statements of operations for the year ended December 31, 2014 was not material.

Supplemental Pro Forma Information (Unaudited)

The pro forma financial information as presented below is for informational purposes only and is not indicative of operations that would have been achieved from the acquisitions had they taken place at the beginning of 2012. Supplemental information on an unaudited pro forma basis, as if these acquisitions had been completed as of January 1, 2012, is as follows (in thousands):

	Year Ended December 31,	
	2013	2012
Revenues	330,366	285,479
Net Loss	(136,808)	(77,288)

The unaudited pro forma supplemental information is based on estimates and assumptions which the Company believes are reasonable and reflect amortization of intangible assets as a result of the acquisition. The pro forma results are not necessarily indicative of the results that would have been realized had the acquisitions been consummated as of the beginning of the periods presented. The pro forma amounts include the historical operating results of the Company, with adjustments directly attributable to the acquisitions. Included in the supplemental information for the year ended December 31, 2013 were certain one-time non-recurring fees associated with the Business Combination of approximately $34.5 million.

Note 4. Goodwill

The changes in the carrying amounts of goodwill for the years ended December 31, 2014 and 2013, were as follows (in thousands).

	2014	2013
Beginning balance	52,345	—
Adjustment to IFES goodwill	308	—
Goodwill arising from business combinations (Note 3)	379	52,345
Currency translation and other adjustments	(18)	—
Ending balance	$ 53,014	$ 52,345

Goodwill arose from the acquisitions of AIA, PMG and IFES in 2013 and the acquisition of Purple in 2014, as detailed in Note 3. Business Combinations. No Goodwill existed prior to 2013. Refer also to Note 3. Business Combinations for changes during the years ended December 31, 2014 and 2013 affecting the goodwill balances.

The Company's most recent annual impairment analysis was performed on October 1, 2014 and indicated that the there was no impairment of goodwill at that time.

Note 5. Property, Plant, and Equipment, net

At December 31, 2014 and December 31, 2013, property, plant, and equipment, net consisted of the following (in thousands):

	2014	2013
Leasehold improvements	$ 1,592	$ 1,272
Furniture and fixtures	2,293	1,590
Equipment	17,593	15,362
Computer equipment	4,115	3,905
Computer software and ERP system	5,950	2,985
Automobiles	307	297
Buildings	2,649	2,649
Albatross (aircraft)	425	385
Other	1,501	12
Total property, plant, and equipment	36,425	28,457
Accumulated depreciation	(12,774)	(7,660)
Property, plant, and equipment, net	$ 23,651	$ 20,797

Depreciation expense for property, plant, and equipment amounted to approximately $7.2 million, $3.9 million, and $1.2 million for the years ended December 31, 2014, 2013, and 2012, respectively.

Depreciation expense, including software amortization expense, by classification for the years ended December 31, 2014, 2013, and 2012 is shown below (in thousands):

	Year ended December 31,		
	2014	2013	2012
Depreciation expense:			
Cost of sales	$ 2,820	$ 1,113	$ —
Sales and marketing	471	—	—
Product Development	858	71	—
General and administrative	3,030	2,719	1,225
Total depreciation expense	$ 7,179	$ 3,903	$ 1,225

Note 6. Intangible Assets, net

As a result of the business combinations in 2013 and 2014, the Company acquired definite-lived intangible assets that are primarily amortized on a straight-line basis, which approximate their expected cash flow patterns. The Company's definite-lived intangible assets have assigned useful lives ranging from 1.5 to 8 years (weighted average of 6.0 years).

Intangible assets, net consisted of the following as of December 31, 2014 and December 31, 2013 (in thousands):

		December 31, 2014		
	Weighted Average Useful Lives	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Intangible assets:				
Definite life:				
Existing technology - software	7 years	$ 2,575	$ 705	$ 1,870
Existing technology - games	5 years	12,331	4,727	7,604
Developed technology	8 years	7,317	1,143	6,174
Customer relationships	7.2 years	119,879	30,437	89,442
Other	2.5 years	7,319	3,448	3,871
Content library (acquired in business combination)	1.5 years	14,298	14,148	150
Content library (acquired post business combination)	1.5 years (1)	31,949	18,586	13,363
Total intangible assets		$ 195,668	$ 73,194	$ 122,474

	Weighted Average Useful Lives	December 31, 2013		
		Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Intangible assets:				
Definite life:				
Existing technology - software	7 years	$ 2,575	$ 333	$ 2,242
Existing technology - games	5 years	12,331	2,041	10,290
Developed technology	8 years	7,317	229	7,088
Customer relationships	7.2 years	119,879	11,534	108,345
Other	2.5 years	4,460	1,353	3,107
Content library (acquired in business combination)	1.5 years	14,298	11,459	2,839
Content library (acquired post business combination)	1.5 years (1)	12,630	3,564	9,066
Total intangible assets		$ 173,490	$ 30,513	$ 142,977

(1) Useful life estimate based upon the content library acquired in the business combination, which approximates historical experience.

Current content library of approximately $9.6 million and $6.6 million is classified on a standalone basis on the Company's December 31, 2014 and 2013 balance sheet, respectively. The remainder of content library is classified and included within the intangible asset amount. The Company expects to record amortization of the intangible assets as follows (in thousands):

Year ending December 31,	Amount
2015	$ 33,974
2016	25,679
2017	19,464
2018	15,874
2019	10,992
Thereafter	16,491
Total	$ 122,474

The Company recorded amortization expense of $27.2 million, $17.3 million, and $0.0 million for the year ended December 31, 2014, 2013, and 2012, respectively. In addition, amortization expense of $2.7 million and $13.2 million from the content library is included in cost of sales in the year ended December 31, 2014 and 2013.

Note 7. Available-For-Sale (“AFS”) Securities

During the year ended December 31, 2014, the Company sold an AFS investment for proceeds of approximately $0.6 million and recognized a gain of approximately $0.1 million from the sale.

During the year ended December 31, 2013, the Company sold an AFS investment for proceeds of approximately $6.3 million and recorded a realized gain of approximately $0.1 million.

Note 8. Other Balance Sheet Items

Accrued expenses and other liabilities consisted of the following (in thousands):

	Year ended December 31,	
	2014	2013
Accounts payable & accrued liabilities	$ 54,878	$ 38,566
Content license and royalties	39,012	37,220
Accrued payroll	5,438	6,175
Total	$ 99,328	$ 81,961

Note 9. Commitments and Contingencies

Movie License and Internet Protocol Television (IPTV) Commitments

As a result of the AIA and PMG acquisitions, the Company assumed certain long-term commitments including movie license fees and guaranteed minimum payments owed to movie content providers. In addition, the Company has certain long-term arrangements with service and television providers to license and provide content and IPTV services that are subject to future guaranteed minimum payments.

The following is a schedule of future minimum payment obligations under movie and IPTV arrangements as of December 31, 2014 (in thousands):

Year ending December 31,	Amount
2015	$ 32,598
2016	13,219
2017	4,292
2018	350
2019	325
Thereafter	425
Total minimum payments	$ 51,209

Operating Lease Commitments

The Company conducts its operations utilizing leased office facilities in various locations under non-cancelable operating leases. The Company's leases expire between January 2015 and March 2024.

The following is a schedule of future minimum lease payments under operating leases as of December 31, 2014 (in thousands):

Year ending December 31,	Amount
2015	$ 3,158
2016	1,769
2017	931
2018	804
2019	813
Thereafter	4,200
Total minimum lease payments	$ 11,675

The Company also leases certain facilities and vehicles under month-to-month arrangements. Total rent expense for the year ended December 31, 2014, 2013, and 2012 was $4.1 million, $2.4 million, and $0.5 million, respectively. The Company is responsible for certain operating expenses in connection with these leases. As a result of the PMG acquisition and reflected in the table above, the Company assumed asset purchase obligations of $1.8 million associated with a 25-year operating lease agreement.

Satellite Cost Commitments

During the year ended December 31, 2013 the Company amended its Master Services Agreement ("MSA") with its satellite service provider to provide for satellite capacity over Russia, the North Atlantic and for expansion of its existing capacity in the US and Europe. These collective amendments resulted in satellite cost commitments to $179.8 million over the period from December 31, 2013 through December 31, 2020. The Company expenses these satellite fees in the month the service is provided as a charge to cost of services.

During the year ended December 31, 2014, the Company entered into a satellite service agreement with New Skies Satellites B.V. (“SES”) that will provide global, Ku-band satellite bandwidth to GEE for use in GEE’s in-flight connectivity system. The SES agreement required the Company to make an up-front pre-payment of $4.0 million as well as to make two additional pre-payments each upon the achievement of certain milestones relating to the development by SES of future Capacity Services, with such additional pre-payments being due no earlier than June 30, 2015 and January 1, 2016, respectively. These pre-payments will be applied to certain service fees as they become due. In the event that the SES agreement is terminated, SES will refund the pre-payments, less any amounts applied to services rendered or scheduled to be rendered.

The following is a schedule of future commitments under the agreement as of December 31, 2014 (in thousands):

Year ending December 31,	**Amount**
2015	$ 37,222
2016	27,302
2017	23,490
2018	33,777
2019	31,261
Thereafter	136,741
Total minimum payments	$ 289,793

Earn-out and Equipment Purchase Commitments

Through the acquisitions of AIA, the Company assumed certain obligations with respect to future earn-outs for certain employees of AIA. As of December 31, 2014, the total liability was approximately $1.7 million and is expected to be paid out in full in 2015. As of the December 31, 2013, the total liability was approximately $1.2 million and was paid out in full during the year ended December 31, 2014.

Through its normal course of business, the Company enters into future purchase commitments with its equipment vendors to secure future inventory for its airlines customers. As of December 31, 2014, the Company had approximately $19.0 million of future purchase commitments, which it expects to pay in 2015.

Legal Matters

On December 28, 2012, Advanced Media Networks, L.L.C. ("AMN") filed suit in the United States District Court for the Central District of California against Row 44 and one of its customers which Row 44 had agreed to indemnify for allegedly infringing two of its patents and seeking injunctive relief and unspecified monetary damages. Row 44 is a direct subsidiary of the Company. In December 2014, Row 44 entered into a confidential settlement agreement with AMN pursuant to which AMN agreed to dismiss its claims against Row 44 and the other defendant with prejudice, and agreed not to sue Row 44 or its airline customers in the future for infringement of any patent currently owned by AMN or any related patent based on our products, services or systems, in exchange for us paying an immaterial amount and entering into a license agreement with AMN.

On May 6, 2014, UMG Recordings, Inc., Capital Records, Universal Music Corp and entities affiliated with the foregoing (collectively, “UMG”) filed suit in the United States District Court for the Central District of California against the Company and Inflight Productions Ltd. (“IFP”) for copyright infringement and related claims and unspecified money damages. IFP is a direct subsidiary of GE AG and an indirect subsidiary of the Company. Based on currently available information, the Company believes it and IFP have strong defenses and intend to defend vigorously against this lawsuit, but the outcome of this matter is inherently uncertain and could have a material adverse effect on the Company’s business, financial condition and results of operations. As of December 31, 2014, the potential range of loss related to this matter cannot be determined. The parties have agreed to non-binding mediation of the case which is currently scheduled for April 1, 2015. On July 1, 2014, American Airlines, Inc. (“American”) filed suit in Texas State Court, Tarrant County, against IFP, and filed an amended complaint on October 29, 2014, seeking a declaration that IFP is obligated to defend and indemnify American against claims that UMG may assert against American for copyright infringement insofar as such claims arise out of American’s use of content provided by IFP during a limited period of time, and for breach of contract. On February 24, 2015, American was added as a defendant in UMG’s case against the Company and IFP. The American lawsuit seeks unspecified money damages and liquidated damages, as well as attorney’s fees. Based on currently available information, the Company believes that IFP has strong defenses and intends to defend vigorously against this lawsuit, but the outcome of this matter is inherently uncertain and could have a material adverse effect on the Company’s business, financial condition and results of operations.

On August 14, 2014, SwiftAir, LLC filed suit against Row 44, Inc. and one of its customers for breach of contract, quantum meruit, unjust enrichment and similar claims and unspecified money damages in the Superior Court of California for the Country of Los Angeles. SwiftAir and Row 44 had a contractual relationship, which Row 44 terminated in 2013, with respect to the provision of destination deal content to one of Row 44’s connectivity customers. Based on currently available information, the Company believes that Row 44 has strong defenses and intends to defend vigorously against this lawsuit, but the outcome of this matter is inherently uncertain and could have a material adverse effect on the Company’s business, financial condition and results of operations. As of December 31, 2014, the potential range of loss related to this matter cannot be determined.

During the year ended December 31, 2014, the Company recorded aggregate legal settlement expenses relating to potential claims arising in connection with litigation brought against the Company by a number of third parties of approximately $8.3 million. The full amount was expensed and included in general and administrative expenses during the year ended December 31, 2014.

While the resolution of the above matters cannot be predicted with certainty, the Company does not believe, based on current knowledge, that the outcome of the currently pending claims or legal proceedings in which the Company is currently involved will have a material adverse effect on the Company's financial statements.

Note 10. Related Party Transactions

PAR 2012 Financing

In connection with certain bridge loans issued in 2011 and 2012, PAR loaned Row 44 $13.0 million and was granted warrants to purchase 65 million shares of Row 44's common stock. In August 2012, PAR exercised these warrants. In connection with a subsequent financing in 2012, PAR's bridge loans were converted into 55.7 million shares of Row 44's Series C-2 Preferred Stock and PAR obtained certain warrants to purchase additional shares of Row 44's Series C-2 Preferred Stock.

Subscription Receivables with Employees

In December 2012, Row 44 entered into an agreement with one of its officers to stock-settle his note receivable and accrued interest, which amounted to $0.5 million, in exchange for certain shares of Row 44's common stock held by the officer.

In 2012, a former officer at Row 44 terminated employment. At December 31, 2014, 2013 and 2012, the balance of the former officer's receivables amounted to $0.5 million and is presented as subscriptions receivable. The Company recognizes interest income when earned, using the simple interest method. Interest amounts recognized by the Company during the years ended December 31, 2014, 2013 and 2012, were not material. The Company makes ongoing assessments regarding the collectability of the notes receivable and subscriptions receivable balances.

PAR Backstop Fee

In connection with the closing of the Row 44 Merger, the Company paid PAR $11.9 million under a backstop fee agreement. This was recorded as transaction costs reflected in operating results as a general and administrative expense in the twelve month period ended December 31, 2013.

Agreement with Board Member and Former AIA Executive

During the three months ended September 30, 2013, the former CEO of AIA, who is also a current Board member, entered into a consulting agreement and mutual general release, which was subsequently amended (as so amended, the "Consulting Agreement"). The Consulting Agreement provides that, among other things, the former executive is entitled to certain remuneration (the "Remuneration Payment"), at the former executive's option, in exchange for certain releases and subject to the Company closing an equity offering by January 1, 2014. In December 2013, the Company paid the executive $2.0 million in cash and 103,977 fully vested common shares (subject to certain limitations) to satisfy the Remuneration Payment. The executive also received a stock option grant of 25,000 in September 2013 for his service as a Board member, which vests monthly overtwo years beginning on the date of grant. During the year ended December 31, 2013, we recorded an expense of approximately $3.5 million associated with the Remuneration Payment obligation.

Office Lease Agreement with Employee

In connection with the acquisition of PMG in 2013, the Company acquired an office lease that is currently being occupied and used as part of operations in Irvine, California. This building is majority owned by one of the founding members of PMG, who is currently an employee of the Company. The lease terminates on March 31, 2024. The total rental expense incurred during the years ended December 31, 2014 and 2013 was $0.3 million and $0.1 million, respectively.

Share Repurchases

During the year ended December 31, 2013, the Company repurchased approximately 103,000 shares of its common stock, at a weighted average price of $11.55 per share, from certain officers and employees of the Company for the purpose of satisfying certain federal and state employment tax withholding obligations related to the January 2013 Business Combination. Upon the repurchase, the shares were retired.

Administrative Services

AIA's subsidiary, Entertainment in Motion ("EIM"), rents office space belonging to a company in which AIA's management has an ownership interest. There were no unpaid lease liabilities as of December 31, 2014 and 2013. The Company recognized rent expense of $0.2 million for the years ended December 31, 2014 and 2013. No expenses were recognized during the year ended December 31, 2012. EIM also made a loan to one of its managing directors. As of December 31, 2014 and December 31, 2013, the outstanding balance was $0.1 million.

AIA Earn-Out

The Company recognized an expense of $1.4 million during the year ended December 31, 2014 as a result of the remeasurement of the fair value of the earn-out liability acquired in the AIA stock acquisition. The earn-out is payable to one of the managing directors at EIM. During the year ended December 31, 2014, the Company paid the managing director $1.4 million in connection with the earn-out relating to the year ended December 31, 2013.

PAR Note

In October 2013 and in connection with the IFES acquisition, the Company issued to PAR a $19.0 million convertible promissory note due December 20, 2013 (the "PAR Note"), which was repaid in full in December 2013. Pursuant to the terms of the PAR Note, the Company also paid PAR a one-time fee of approximately $1.0 million and $0.4 million accrued interest in the same period.

PMG Post-Closing Payment

In June 2014, the Company modified the PMG Earn Out to eliminate the PMG Earn Out and certain other purchase obligations and PMG seller rights in exchange for cash consideration of $2.5 million (the "Additional PMG Consideration"). Fifty percent of the additional PMG Consideration was payable after 10 days from closing, and the remaining $1.25 million is payable in four quarterly installments through the first half of 2015. At December 31, 2014, the remaining outstanding balance was approximately $0.9 million.

AIA Noncontrolling Interests Acquisition

In April 2014, the Company acquired the remaining outstanding shares in AIA for a total cash consideration of approximately $21.7 million (the "AIA Consideration"). Included in the AIA Consideration was approximately $2.5 million owed to BF Ventures, an entity in which one of our directors owns an indirect stake of approximately 25%, which was paid in full during the year ended December 31, 2014.

Warrant Exchange

In connection with the Company's offer for the exchange of the Company's outstanding public company warrants for common stock of the Company which closed on September 11, 2014, two members of the Company's board of directors exchanged 7,040,001 warrants for 2,346,446 shares of the Company's common stock with an aggregate value of $32.1 million.

Note 11. Employee Benefit Plan

The Company has a defined contribution plan under Section 401(k) of the Internal Revenue Code ("401(k) Plan") covering certain full-time domestic employees who meet certain eligibility requirements. Eligible employees may defer up to 100% of their pre-tax eligible compensation, up to the annual maximum allowed by the Internal Revenue Service. Under the 401(k) Plan, the Company may, but is not obligated to, match a portion of the employee contributions up to a defined maximum. The Company did not make any matching contributions for the years ended December 31, 2014, 2013 and 2012.

Note 12. Stock Options, Common Stock and Warrants

Common Stock

On September 11, 2014, the Company completed an offer to all holders of the Company's outstanding warrants exercisable for shares of the Company's common stock, that were originally issued by GEAC and which have an exercise price of $11.50 per share (the "Warrants"), to receive 0.3333 shares of common stock in exchange for every warrant tendered by the holders thereof (approximately one share for every three warrants tendered), up to a maximum of 15,000,000 warrants. On September 11, 2014, the Company issued 4,227,187 shares of common stock in exchange for 12,682,755 warrants and recognized a gain on the exchange of approximately $0.8 million included in change in fair value of financial instruments in the condensed consolidated statements of operations for the year ended December 31, 2014.

In August 2014, the Company issued 28,161 shares of common stock as a working capital settlement to Row 44 former stockholders with an aggregate fair value of $0.3 million. The entire value was expensed during the year ended December 31, 2014 and included in other income in other income (expense), net on the consolidated statements of operations.

On June 17, 2014, PAR Investment Partners, L.P. (“PAR”) converted 19,118,233 shares of non-voting common stock of the Company into an equal number of shares of the Company’s common stock, par value $0.0001 per share, in accordance with the terms of the non-voting common stock set forth in the Company’s Second Amended and Restated Certificate of Incorporation. The conversion was exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 3 (a)(9) thereof. No commission or other remuneration was paid or given directly or indirectly for soliciting the conversion.

In December 2013, the Company issued 103,977 fully vested common shares of the Company's common stock to the former CEO of AIA (see Note 10).

In December 2013, the Company also issued and sold 13,340,000 shares of common stock at an issuance price of $14.25 per share in a public offering. A total of approximately $190.1 million in gross proceeds were raised from the offering.

During the year ended December 31, 2013, the Company issued 898,082 shares as a result of the exchange of 2,921,450 GEAC public warrants.

In October 2013, and in connection with the IFE Services acquisition, the Company issued and sold Putnam Equity Spectrum Fund 2,453,472 shares of the Company’s common stock in exchange for aggregate gross proceeds (before expenses) of approximately $21.0 million.

During the year ended December 31, 2013, the Company acquired PMG assets in exchange for approximately $10.6 million, 431,734 shares of common stock and the assumption of approximately $3.3 million in debt. 151,420 of the shares are amounts held in escrow amounting to $1.6 million.

In addition, during the year ended December 31, 2013, the Company also repurchased and retired approximately 103,000 shares of common stock to settle certain employee tax withholding obligations associated with the Business Combination in January 31, 2013.

On January 31, 2013 and in connection with the Recapitalization as a result of the merger with ROW 44, the Company issued a total of 20,123,000 shares of the Company's common stock, including 4,750,000 shares of non-voting common stock. In addition, in connection with the acquisition of 86% ownership of AIA, the Company also issued 14,368,000 shares of Company's non-voting common stock.

Stock Incentive Plans

Row 44 Plan

During the year ended December 31, 2012, Row 44 had a stock option and stock purchase plan to attract and retain its employees (the "Row 44 Plan"). Pursuant to the Row 44 Plan and in connection with the signing of the Row 44 Merger Agreement, Row 44's Board of Directors elected to accelerate the vesting of all outstanding stock options of Row 44 effective November 2012. Accordingly, the Company recorded all remaining unamortized grant date fair value as compensation expense in 2012 and terminated the Row 44 stock option plan as of January 31, 2013. Of the 1,496,699 Row 44 stock options outstanding under the plan, 1,392,491 were exchanged for shares of Global Eagle stock, 103,000 options were forfeited and 7,708 options were exchanged for cash of $22,000 as follows:

Global Eagle 2013 Plan

In conjunction with the Business Combination, the Company created its 2013 Plan (the "Plan"), and as amended in December 2013, the Administrator of the Plan, which is the compensation committee of the Company's board of directors, may grant up to 7,500,000 stock option, restricted stock, restricted stock unit and other incentive awards to employees, officers, non-employee directors, and consultants, and such options or awards may be designated as incentive or non-qualified stock options at the discretion of the Administrator. As of December 31, 2014, there were 1,122,472 stock-based awards available for future grant under the Plan. Employee stock option grants have 5-year terms and employee stock options vest 1/4th on the anniversary of the vesting commencement date and 1/48th monthly thereafter, over a 4-year period. Stock options granted to our Board of Directors have 5-year terms and vest monthly over two years from the vesting commencement date. Certain stock option awards have accelerated vesting provisions in the event of a change in control or termination without cause.

Fair values were determined on the grant date using the Black-Scholes model and the following level 3 assumptions for the years ended December 31, 2014, 2013 and 2012, respectively:

	2014	2013	2012
Stock Value (per share)	$ 11.53	$ 10.57	$ 2.91
Weighted-average expected term	4.0 years	3.9 years	5.6 years
Risk-free rate	1.5%	1.1%	1.0%
Expected stock volatility	58%	57%	48%
Dividend yield	0%	0%	0%
Fair value of stock options granted	$ 5.14	$ 4.65	$ 1.30

The expected term of stock options granted represents the weighted average period that the stock options are expected to remain outstanding. The Company determines the expected term assumption based on the employee's expected exercise behavior including combined with estimates of the post-vesting holding period. Expected volatility is based on historical volatility of peer companies in the Company's industry that have similar vesting and contractual terms. The risk free interest rate is based on the implied yield currently available on U.S. Treasury issues with terms approximately equal to the expected life of the option. The Company currently has no history or expectation of paying cash dividends on its common stock.

Stock option activity for year ended December 31, 2014 is as follows (in thousands except per share and contractual term data):

Global Eagle Stock Option Plan	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2013	5,285	$ 10.86		
Granted	1,970	$ 11.53		
Exercised	(430)	$ 9.76		
Forfeited	(1,054)	$ 13.77		
Outstanding at December 31, 2014	5,771	$ 10.64	3.57	$ 17,759
Exercisable at December 31, 2014	1,770	$ 10.50	2.80	$ 5,846
Vested and expected to vest after December 31, 2014	4,996	$ 10.60	3.49	$ 15,586

The following is a summary of the Company's stock options outstanding at December 31, 2014:

Range of Exercise Price	Number Outstanding (in thousands)	Weighted Average Remaining Contractual Term (in years)	Weighted Average Exercise Price	Number Exercisable (in thousands)	Weighted Average Exercise Price
$16.07 - $16.90	25	4.04	$ 16.90	—	$ —
$11.44 - $16.06	932	4.07	$ 13.67	218	$ 15.20
$10.57 - $11.43	1,260	4.72	$ 10.71	29	$ 10.57
$9.88 - $10.56	1,953	2.63	$ 10.00	944	$ 10.00
$8.88 - $9.87	1,601	3.52	$ 9.51	579	$ 9.55
	5,771	3.57	$ 10.64	1,770	$ 10.50

Restricted stock units

The grant date fair value of an RSU equaled the closing price of our common stock on the grant date. During the year ended December 31, 2014, the Company granted certain employees performance units in the form of RSUs. A performance unit gives the recipient the right to receive common stock that is contingent upon achievement of specified pre-determined performance target for fiscal 2014 and the continuation of employment for a period of one year from the grant date. The number of shares issuable upon the completion of the performance period could be 0 shares, 38,843 shares or 77,687 shares of the Company’s common stock contingent upon the level of achievement of the performance target. The following summarizes select information regarding our RSUs during the year ended December 31, 2014:

	Units (in thousands)	Weighted Average Grant date Fair Value	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2014	—	$ —	
Granted	113	$ 14.75	
Vested	(13)	$ 17.09	
Forfeited	(41)	$ 16.73	
Balance nonvested at December 31, 2014	59	$ 12.90	$ 811
Vested and expected to vest at December 31, 2014	53	$ 12.90	$ 723

Stock-based Compensation Expense

Stock-based compensation expense related to all employee and non-employee stock-based awards was as follows for the years ended December 31, 2014, 2013 and 2012 (in thousands):

	Year ended December 31,		
Stock-based compensation expense:	**2014**	**2013**	**2012**
Cost of sales	$ 36	$ —	$ 2
Sales and marketing expenses	46	—	2
Product development	268	—	3
General and administrative	7,717	4,536	1,634
Total stock-based compensation expense	$ 8,067	$ 4,536	$ 1,641

As of December 31, 2014, the Company had approximately $13.5 million of unrecognized employee related stock-based compensation, net of estimated forfeitures, which it expects to recognize over a weighted average period of approximately 2.78 years.

Warrants

Row 44 Warrants

In March 2012, Row 44 issued 0.2 million common shares, which were subsequently converted to approximately 0.2 million Global Eagle shares in the Business Combination, and granted warrants to the same supplier to purchase up to 0.7 million shares of common stock based on certain criteria at an exercise price of $8.76 per share. The warrants had a contractual term of 5 years from the date of issuance. At December 31, 2012, 0.3 million warrants remained unexercisable, which became fully exercisable in the first quarter of 2013. The shares and warrants were valued at their grant-date fair value, which was estimated to be $0.6 million and $0.3 million, respectively, which were recorded to cost of sales in 2012. The warrants were determined to be derivative liabilities, but were subsequently reclassified to equity in 2013 and upon completed certain performance criteria.

In connection with certain bridge loan financings issued in 2011 and 2012, Row 44 issued two separate warrants to purchase 1.7 million shares of its common stock each at an exercise price of $0.003 per share, totaling 3.4 million warrants. Both grants of warrants to purchase common stock were valued at $5.0 million each under the Black-Scholes valuation model using the level 3 assumptions below. This value was used in the calculation of the relative fair value of certain convertible bridge loans. In August 2012, 2.2 million of the common stock warrants granted in conjunction with these bridge loans were exercised for total proceeds of $6,000, which were subsequently converted to approximately 2.2 million Global Eagle shares in the Business Combination.

In 2012, Row 44 entered into a common stock purchase warrant agreement with a supplier that entitled the supplier to subscribe for and purchase up to 3.4 million shares of Row 44 common stock at an exercise price of than $0.003 per share. The warrants had a contractual term of 5 years and vest immediately upon the supplier providing and the Company accepting, at the Company’s sole discretion, a discount off of the list price for certain services and hardware. As of December 31, 2012, the number of warrants issued was 0.3 million. The warrants were valued at their grant-date fair value, which was estimated to be $2.9 million, and were vested immediately upon issuance.

Row 44 warrants issued during the year ended December 31, 2012 were valued under the Black-Scholes valuation model using the following Level 3 assumptions:

	2012
Common Stock Value (per share)	$2.91 - $9.34
Expected Term	5-7 years
Risk-free Interest Rate	0.72% - 2.57%
Expected Stock Volatility	50%
Dividend Yield	—%

At December 31, 2012, Row 44 had issued and outstanding warrants with various investors and partners to purchase up to 2.9 million shares of its common stock with a weighted average price of approximately $2.34 per common share and a weighted average remaining term of 4.92 years. Excluded from these warrants were 0.7 million shares owned by AIA and eliminated in consolidation in conjunction with the Business Combination on January 31, 2013. The following is a summary of activity for Row 44 warrants for common stock convertible into GEE common stock for the two years in the period ended December 31, 2014:

	Number of Warrants (in thousands)		Weighted Average Exercise price		Weighted Average Remaining Contractual Term (in years)
Outstanding - December 31, 2012	2,899		$	2.34	
Granted	83		$	—	
Exercised	(2,260)	(1)	$	—	
Outstanding - January 31, 2013	722		$	9.38	
Granted	—		$	—	
Exercised	—		$	—	
Forfeited	—		$	—	
Outstanding - December 31, 2013	722		$	9.38	
Forfeited	(32)		$	23.53	
Outstanding - December 31, 2014	690		$	8.79	2.21
Exercisable at December 31, 2014	690		$	8.79	2.21

(1) Warrants exercised in January 2013 and prior to the Business Combination were retroactively adjusted as if they were exercised as of January 1, 2010.

In conjunction with the Business Combination and on January 31, 2013, the Company converted 21,062,500 Row 44 warrants to warrants to purchase up to 721,897 shares of Global Eagle common stock. The following is a summary of all Row 44 warrants converted to warrants to purchase GEE common stock (exercise price per warrant and number of warrants presented using the conversion ratio to Global Eagle common stock used in the Row 44 Merger) outstanding at December 31, 2014:

		Weighted Average Exercise Price per Warrant	Number of Warrants (in thousands)	Weighted Average Remaining Life (in years)
Common stock warrants	$	8.79	690	2.21
Series C Preferred stock warrants	$	8.74	734	2.43

Global Eagle Warrants

The following is a summary of Global Eagle warrants for the year ended December 31, 2014:

Global Eagle Warrants	Number of Warrants (in thousands)	Weighted Average Exercise price	Weighted Average Remaining Contractual Term (in years)
Outstanding at January 31, 2013	23,238	$ 11.50	
Granted	—	$ —	
Exercised	(3)	$ 11.50	
Purchased	(403)	$ 11.50	
Exchanged for Global Eagle common stock	(12,683)	$ 11.50	
Forfeited	—	$ —	
Outstanding and exercisable at December 31, 2013	10,149	$ 11.50	3.09

The following is a summary of all Global Eagle warrants outstanding at December 31, 2014:

	Exercise Price per Warrant	Number of Warrants	Class of Shares	Weighted Average Remaining Life (in years)
	$ 11.50	10,149	Public Warrants	3.09
Total outstanding		10,149		

On September 11, 2014, the Company completed an offer to all holders of the Company’s outstanding warrants exercisablefor shares of the Company’s common stock, that were originally issued by GEAC and which have an exercise price of $11.50 per share (the “Warrants”), to receive 0.3333 Shares in exchange for every Warrant tendered by the holders thereof (approximately one share for every three Warrants tendered), up to a maximum of 15,000,000 Warrants. On September 11, 2014, the Company issued 4,227,187 Shares in exchange for 12,682,755 Warrants and recognized a gain on the exchange of approximately $0.8 million included in change in fair value of financial instruction instruments in the consolidated statements of operations for the year ended December 31, 2014.

During the year ended December 31, 2014, the Company also repurchased 403,054 Global Eagle Public Warrants for total cash consideration of $1.4 million. As of December 31, 2014, these repurchased warrants were not retired and were held by the Company.

During the year ended December 31, 2013, the Company purchased and retired 500,000 Global Eagle Public Warrants for a total of $0.8 million. In addition and during the year ended December 31, 2013, the Company exchanged 2.9 million Global Eagle Public Warrants for 0.9 million shares of Global Eagle common stock, at a weighted average price per common share of $14.74 per share, for total value of $13.3 million. The total value of the warrant exchange included a discount of approximately $0.6 million that was recorded as an expense in the consolidated statements of operations in the same period.

The Company accounts for its 10,148,508 and 15,904,383 public warrants as derivative liabilities at December 31, 2014 and 2013. During the years ended December 31, 2014 and 2013, the Company recorded approximately $7.0 million and $64.0 million in expense in the consolidated statements of operations as a result of the remeasurement of these warrants at the respective balance sheet dates until exercised. The fair value of warrants issued by the Company has been estimated using the warrants' quoted public market price. In the event the Company’s closing stock price is at or above $17.50 for twenty of thirty consecutive days, the Company can call the 10,148,508 public warrants and force the holders to exercise their warrants at $11.50 per share, with estimated proceeds of approximately $116.7 million.

On March 29, 2013, Global Eagle Acquisition, LLC ("Sponsor") executed a waiver relating to 7,333,334 of the sponsor warrants. The waiver relates to a specific provision of the warrant agreement that provides for a reduction of exercise price of the warrants. This provision originally triggered liability accounting as discussed above and the warrants were recorded as derivative liabilities. The Company valued the warrants as of the waiver date and recorded the change in fair value of the warrants in earnings and reclassified the portion of the warrant liability of $9.9 million represented by these sponsor warrants to equity. As a result of the waiver, these sponsor warrants became equity warrants as of March 29, 2013. As of December 31, 2014, all of the outstanding Sponsor's warrants classified in equity were exchanged into the Company's common stock.

Note 13. Income Taxes

United States and foreign income (loss) from continuing operations before income taxes was as follows (in thousands):

	December 31, 2014	December 31, 2013	December 31, 2012
United States	$ (51,809)	$ (99,503)	$ (42,803)
Foreign	5,189	(13,399)	—
Pretax loss from operations	$ (46,620)	$ (112,902)	$ (42,803)

The income tax provision (benefit) based on the income (loss) from continuing operations was as follows (in thousands):

	December 31, 2014	December 31, 2013	December 31, 2012
Current:			
Federal	$ 2,724	$ 1,878	$ —
State	114	7	—
Foreign	12,804	4,858	—
	$ 15,642	$ 6,743	$ —
Deferred:			
Federal	$ (451)	$ (2,742)	$ —
State	37	3	—
Foreign	(4,654)	(2,165)	—
	(5,068)	(4,904)	—
Total provision	$ 10,574	$ 1,839	$ —

The Company’s statutory tax rates vary by location, and are most influenced by the United States at 35% Federal and 2% from states, Germany at 33%, the United Kingdom at 22% and Canada at 27%. The income tax provision (benefit) from continuing operations differs from the amount obtained by applying the Federal statutory tax rate as follows (in thousands):

	December 31, 2014	December 31, 2013	December 31, 2012
Income tax provision (benefit) at Federal statutory rate	$ (16,317)	$ (39,512)	$ (14,553)
State income tax, net of federal benefit	4	(384)	(850)
Permanent items	3,221	25,374	4,776
Stock compensation	1,575	(82)	315
Tax credits	(626)	(3,093)	(125)
Other	(1,376)	1,463	—
Uncertain tax positions	2,597	95	—
Withholding taxes	3,386	2,831	—
Rate differential	(2,050)	5,783	—
Rate adjustment	—	60	—
Change in valuation allowance	20,160	9,304	10,437
	$ 10,574	$ 1,839	$ —

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the deferred taxes were as follows (in thousands):

	December 31, 2014	December 31, 2013
Deferred tax assets:		
Intangible assets	$ 11,031	$ 6,596
Allowances and reserves	2,843	294
Accrued expenses	4,134	2,505
Inventory	567	1,053
Stock compensation	2,611	980
Tax credits	5,358	4,309
Net operating losses	55,944	39,282
Total gross deferred tax asset	82,488	55,019
Less valuation allowance	(73,659)	(50,782)
Net deferred tax assets	$ 8,829	$ 4,237
Deferred tax liabilities:		
Fixed assets	$ (1,185)	$ (1,385)
Intangible assets	(24,847)	(25,422)
Investments in affiliates	(47)	(51)
Other	(1,095)	(25)
Total deferred tax liabilities:	(27,174)	(26,883)
Net deferred tax assets (liabilities)	$ (18,345)	$ (22,646)

Presented on the balance sheet as follows (in thousands):	December 31, 2014	December 31, 2013
Deferred tax assets:		
Net current deferred assets	$ 4,719	$ 3,252
Net noncurrent deferred assets	346	480
Total deferred tax assets	$ 5,065	$ 3,732
Deferred tax liabilities:		
Net current deferred tax liabilities	$ (80)	$ (1,192)
Net noncurrent deferred tax liabilities	(23,330)	(25,186)
Total deferred tax liabilities	$ (23,410)	$ (26,378)

In connection with the acquisition of AIA and IFES, the Company recorded net deferred tax liabilities of $22.2 million and $7.0 million, respectively.

The Company is subject to taxation in the U.S. and various states and foreign jurisdictions. As of December 31, 2014, the Company’s tax years for 2013, 2012, 2011 and 2010 are subject to examination by the tax authorities. With certain exceptions, as of December 31, 2014, the Company is no longer subject to U.S. federal, state, local or foreign examinations by tax authorities for years before 2010.

The Company records valuation allowances to reduce deferred tax assets to the amount that is more likely than not to be realized. In making this assessment, management analyzes future taxable income, reversing temporary differences and ongoing tax planning strategies. Should a change in circumstances lead to a change in judgment about the realizability of deferred tax assets in future years, the Company will adjust related valuation allowances in the period that the change in circumstances occurs, along with a corresponding increase or charge to income.

As of December 31, 2014, the Company has recorded a valuation allowance of $70.9 million and $2.8 million against its domestic and foreign deferred tax assets, respectively, due to the uncertainties over its ability to realize future taxable income in those jurisdictions. As of December 31, 2013, the valuation allowance on domestic and foreign deferred tax assets were $48.9 million and $1.9 million, respectively.

As of December 31, 2014 and December 31, 2013, the Company had federal net operating loss carry-forwards ("NOLs") of $128.4 million and $102.2 million, respectively, and state net operating loss carry-forwards of $64.8 million and $58.9 million, respectively, which losses will begin to expire during the fiscal years ending in December 31, 2026 and 2015, respectively. These NOLs may be used to offset future taxable income, to the extent the Company generates any taxable income, and thereby reduce or eliminate future federal income taxes otherwise payable. Section 382 of the Internal Revenue Code imposes limitations on a corporation's ability to utilize NOLs if it experiences an ownership change as defined in Section 382. In general terms, an ownership change may result from transactions increasing the ownership of certain stockholders in the stock of a corporation by more than 50% over a three year period. In the event that an ownership change has occurred, or were to occur, utilization of the Company's NOLs would be subject to an annual limitation under Section 382 as determined by multiplying the value of the Company's stock at the time of the ownership change by the applicable long-term tax-exempt rate as defined in the Internal Revenue Code. Any unused annual limitation may be carried over to later years. The Company could experience an ownership change under Section 382 as a result of events in the past in combination with events in the future. If so, the use of the Company's NOLs, or a portion thereof, against future taxable income may be subject to an annual limitation under Section 382, which may result in expiration of a portion of the NOLs before utilization. Therefore, the Company could be liable for income taxes sooner than otherwise would be true if the Company were not subject to Section 382 limitations. The Company is performing a study to determine the extent of the limitation, if any. Any carry-forwards that expire prior to utilization as a result of such limitations will be removed, if applicable, from deferred tax assets with a corresponding reduction of the valuation allowance.

As of December 31, 2014, the Company intends to reinvest the foreign earnings of its subsidiaries on an indefinite basis. As a result, deferred taxes have not been established for unremitted earnings of foreign subsidiaries. As of December 31, 2014, the Company has not quantified the amount of unremitted earnings and the related taxes associated with the unremitted earnings.

The Company is subject to the accounting guidance for uncertain income tax positions. The Company's policy for recording interest and penalties associated with uncertain tax positions is to record such items as a component of income tax expense. The Company assumed and recorded approximately $3.2 million of liabilities for uncertain tax position including related interest and penalties as a result of Business Combinations in 2013. At December 31, 2014, the Company recorded $6.3 million liability as an estimate for potential claims by the Canadian Revenue Agency (the “CRA”), who is currently investigating one of AIA’s Canadian subsidiaries for the tax years 2008 through 2011. The CRA is questioning the taxability and presence of the subsidiary’s locations in Dubai, United Arab Emirates, and whether income derived from Dubai would have constituted taxable earnings subject to Canadian income tax for the tax year ended December 31, 2008.

No uncertain income tax positions were recorded during 2011 or 2012, and the Company does not expect its uncertain tax position to materially change through the end of 2015. As of December 31, 2014, the Company has recorded a $6.3 million cumulative liability for uncertain income tax positions, including accumulated interest and penalties. Approximately $6.3 million of uncertain tax positions, if reversed, would result in a tax benefit.

The following table summarizes the changes to unrecognized tax benefits for the years ended December 31, 2014 and 2013 (in thousands):

	2014	2013
Balance at beginning of year	$ 2,831	$ —
Additions from business combinations	—	2,569
Reversal of prior tax positions	(1,795)	—
Additions based on tax positions related to the current year	3,201	262
Balance at end of year	$ 4,237	$ 2,831

The following table summarizes the changes in the valuation allowance balance for the years ended December 31, 2014, 2013 (in thousands):

Balance at December 31, 2012	**$**	**39,122**
Acquired valuation allowance from purchased acquisitions		2,356
Increase in valuation allowance		9,304
Balance at December 31, 2013	**$**	**50,782**
Increase in valuation allowance		22,877
Balance at December 31, 2014	**$**	**73,659**

Note 14. Notes Payable

Row 44 Bridge Loans

In December 2011 and March 2012, Row 44 entered into convertible bridge loans with existing preferred shareholders for debt raises of $10 million and $10 million, respectively. The bridge loans bore interest at the rate of 12% per annum and matured on May 31, 2012. The bridge loans and related interest were convertible into shares at such time as the Company raised additional equity funding through the issuance of a future round of qualified financing, as defined in the agreement, which was ultimately the capital raise in June 2012. The conversion price of the loans was to be determined based on a 20% discount of the issuance price such qualified financing. Row 44 granted the note holders a security interest in substantially all of the assets of Row 44 at the time. Additionally, and in connection with these two rounds of bridge loans, Row 44 also granted warrants to purchase a total of 3.4 million shares of Row 44 common stock at $0.003 per share. The Company determined that the bridge loans constituted share-settled debt, and as such the convertible bridge loans were initially recorded at an amount equal to their residual allocated amount and were accreted to their redemption amount, which is approximately 20% greater than its face amount, through the maturity date using the effective interest method. During the year ended December 31, 2012, the Company recognized interest expense of $9.6 million relating to the accretion of the bridge loans and amortization of the related note discount. The Company converted each of the bridge loans, with an aggregate value of $20.0 million of principal and $0.8 million of related accrued interest, into units of common stock in conjunction with the Business Combination.

During the year ended December 31, 2012, the Company's effective interest rate on convertible bridge loans was 421%.

Bank loan

AIA had an unsecured four-year loan of $15.9 million from UniCredit Bank AG, Munich, Germany. The loan was subject to initial repayment of $0.7 million and thereafter regular half-yearly repayments of $2.2 million, no prepayment penalties and variable interest based on the six-month Euribor plus 2.35%. In order to avoid any exposure to the risk from rising interest rates associated with variable interest obligations, a portion of the variable interest payments was converted into fixed interest obligations by means of interest rate swaps over the term of the loan.

Under the terms of the loan agreement, mandatory special loan payments were agreed under certain conditions. The provision regarding mandatory special loan payments resulted in a mandatory special loan payment of $1.4 million on June 30, 2013. As a result, the repayment period and thus the loan will now end six months earlier than originally envisioned. These special loan payments resulted in a reclassification of the amount of the special loan payments to the current portion of the loan.

As of December 31, 2013, the principal and accrued interest outstanding on the bank loan was $3.4 million. As of December 31, 2014, there were no outstanding principal or accrued interest balance on the note.

Subordinated bank loan

AIA held a note payable of $2.6 million for mezzanine financing obtained through a financing program of Capital Efficiency Group AG, Zug, Switzerland. This financing program matured in March 2014. The interest rate was 8.8% per year. A payment of 1% had to be made each year and interest of 7.8% on the principal had to be paid every quarter.

As of December 31, 2013, the principal and accrued interest outstanding on the note was $2.8 million. As of December 31, 2014, there were no outstanding principal or accrued interest balance on the note.

Annuity Loan

AIA entered into an agreement with a bank to finance $1.1 million in hardware for the technical services of one of its subsidiaries. As of December 31, 2013, the remaining balance of the loan agreement was paid in full.

Bank Debt

With the acquisition of PMG in July 2013, the Company assumed approximately $3.3 million of debt in the form a $1.5 million term loan (the “Term Loan”) and a $1.8 million line of credit (the “LOC”) with a bank. The Term Loan and LOC were to mature in October 2017 and 2014, respectively, and bore interest at a rate equal to the bank’s reference rate, which was approximately 3.25% during the year ended December 31, 2014. During the year ended December 31, 2014, the Company repaid the outstanding balance of the Term Loan and the LOC in full using a portion of the Citibank Term Loan proceeds described below.

With the acquisition of IFES on October 18, 2013, the Company assumed approximately $1.3 million of debt in the form of two facility letters for a commercial mortgage loan with a bank for $0.2 million and $1.1 million. The mortgage letters mature in October 2014 and 2032, respectively. The first mortgage commercial letter was repaid in full during the year ended December 31, 2014. The second mortgage commercial letter is secured by the Company's real property in the United Kingdom and bears interest at a rate equal to the bank’s base rate plus 1.25%, which was approximately 3.25% during the year ended December 31, 2014. The remaining and outstanding balance under the second mortgage commercial letter was $0.9 million and $1.0 million as of December 31, 2014 and 2013, respectively.

Bank Loan

On December 22, 2014, the Company entered into a Credit Agreement with Citibank, providing for $2.4 million of term loans (the "Citibank Term Loans), which the Company used to repay in full the Term Loan and LOC, and a revolving line of credit (the Citibank Revolving Loans) in an amount not to exceed $20.0 million. The Citibank Term Loans and the Revolving Loans bear interest at a floating rate based on LIBOR plus an applicable interest margin per annum and mature on December 22, 2017. A total of $0.2 million of the principal amount of the Citibank Term Loans plus any accrued and unpaid interest is to be repaid at the end of each quarter. The outstanding balance of the Citibank Term Loans may be prepaid in whole or in part at any time without penalty.

Debt issuance costs incurred in connection with the Citibank Term Loans totaled $0.3 million and are being amortized over the respective term of the Loans.

At December 31, 2014, there was $2.0 million outstanding under the Citibank Term Loans and $20.0 million available for future borrowings under the Citibank Revolving Loans.

The aggregate contractual maturities of all long-term debt obligations due subsequent to December 31, 2014, are as follows (in thousands):

Years Ending December 31,	Amount
2015	$ 852
2016	861
2017	861
2018	61
2019	64
Thereafter	681
Total	$ 3,380

Note 15. Business Segments

The Company reports its operations under two segments, its Connectivity and Content businesses. The Company's Connectivity operating segment provides airline partners and their passengers Wi-Fi connectivity over Ku-band satellite transmissions through Row 44. The Company's Content operating segment selects, manages, and distributes owned and licensed media content, video and music programming, applications, and video games to the airline industry through AIA, PMG, IFES and Purple.

The decision to report two segments is principally based upon the Company's chief operating decision maker ("CODM"), and how he manages the Company's operations as two segments from a consolidated basis for purposes of evaluating financial performance and allocating resources. The CODM reviews revenue, expense, and contribution profit income (loss) information separately for its Connectivity and Content businesses. Total segment contribution profit income (loss) provides the CODM, investors and equity analysts a measure to analyze operating performance of each of the Company's business segments and its enterprise value against historical data and competitors' data, although historical results may not be indicative of future results (as operating performance is highly contingent on many factors, including customer tastes and preferences). All other financial information is reviewed by the CODM on a consolidated basis.

Segment revenue, expenses and contribution profit (loss) for the years ended December 31, 2014, 2013, and 2012 derived from the Company's Connectivity and Content operating segments were as follows (in thousands):

	Year Ended December 31,							
	2014			2013			2012	
	Content	Connectivity	Consolidated	Content	Connectivity	Consolidated	Content	Connectivity
Revenue:								
License	$ 231,521	$ —	$ 231,521	$ 153,973	$ —	$ 153,973	$ —	$ —
Service	45,868	74,839	120,707	27,912	51,350	79,262	—	11,365
Equipment	—	35,507	35,507	—	26,487	26,487	—	57,845
Total Revenue	277,389	110,346	387,735	181,885	77,837	259,722	—	69,210
Operating Expenses:								
Cost of Sales								
Licensing and Services	195,454	54,881	250,335	134,207	42,590	176,797	—	22,327
Equipment	—	31,538	31,538	—	21,141	21,141	—	54,570
Total Cost of Sales	195,454	86,419	281,873	134,207	63,731	197,938	—	76,897
Contribution Profit (Loss)	81,935	23,927	105,862	47,678	14,106	61,784	—	(7,687)
Other Operating Expenses			142,845			107,308		21,149
Loss from Operations			(36,983)			(45,524)		(28,836)
Other income (expense)			(9,637)			(67,378)		(13,967)
Loss before income taxes			(46,620)			(112,902)		(42,803)
Income tax provision			10,574			1,839		—
Net loss			$ (57,194)			$ (114,741)		$ (42,803)

At December 31, 2014 and 2013, the Company's net assets and liabilities by segment were as follows (in thousands):

	December 31, 2014			
	Connectivity	Content	Corporate	Total
Cash	$ 8,350	$ 74,447	$ 114,851	$ 197,648
Accounts receivable, net	18,422	66,882	213	85,517
Goodwill	—	53,014	—	53,014
Intangibles	749	112,155	—	112,904
Other	41,053	39,081	4,378	84,512
Assets	68,574	345,579	119,442	533,595
				—
Accounts payable and accrued expenses	13,366	78,592	7,370	99,328
Deferred tax liability	39	23,367	4	23,410
Notes payable	—	981	2,034	3,015
Derivative fair value	—	—	52,671	52,671
Other	11,800	30,783	(41)	42,542
Liabilities	25,205	133,723	62,038	220,966
Total net assets	$ 43,369	$ 211,856	$ 57,404	$ 312,629

	December 31, 2013			
	Connectivity	Content	Corporate	Total
Cash	$ 8,167	$ 38,843	$ 211,786	$ 258,796
Accounts receivable, net	12,274	51,942	—	64,216
Goodwill	—	52,345	—	52,345
Intangibles	—	136,414	—	136,414
Other	32,261	31,864	2,987	67,112
Assets	52,702	311,408	214,773	578,883
Accounts payable and accrued expenses	8,043	70,850	3,068	81,961
Deferred tax liability	—	26,378	—	26,378
Notes payable	38	10,763	—	10,801
Derivative fair value	—	—	71,570	71,570
Other	14,777	8,644	8,568	31,989
Liabilities	22,858	116,635	83,206	222,699
Total net assets	$ 29,844	$ 194,773	$ 131,567	$ 356,184

Geographical revenues by segment for the years ended December 31, 2014, 2013, and 2012 were as follows (in thousands):

	2014	2013	2012
Connectivity:			
United States	$ 92,914	$ 77,837	$ 69,210
Europe	13,807	—	—
Other	3,625	—	—
Total Connectivity revenue by region	110,346	77,837	69,210
Content:			
United States and Canada	59,317	89,520	—
Europe	47,917	58,889	—
Asia and the Middle East	114,886	29,871	—
Other	55,269	3,605	—
Total Content revenue by region	$ 277,389	$ 181,885	$ —

Note 16. Concentrations

Concentrations of Credit and Business Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents and accounts receivable.

At December 31, 2014, 2013 and 2012, the Company's cash and cash equivalents were maintained primarily with major U.S. financial institutions and foreign banks. Deposits with these institutions at times exceed the federally insured limits, which potentially subjects the Company to concentration of credit risk. The Company has not experienced any losses related to these balances and believes that there is minimal risk.

A substantial portion of the Company's revenue is generated through arrangements with one airline customer. The Company may not be successful in renewing these agreements, or if they are renewed, they may not be on terms as favorable as current agreements. The percentage of revenue generated through the customer representing more than 10% of consolidated revenue is as follows:

	Year ended December 31,		
	2014	2013	2012
Southwest Airlines as percentage of total revenue	24%	22%	85%
Southwest Airlines as percentage of total Connectivity revenue	83%	72%	85%

No other customer accounted for revenues greater than 10% for the 3 years presented.

Accounts Receivable balances from Southwest Airlines represented 13% of total accounts receivable at December 31, 2014 and less than 10% of total accounts receivable at December 31, 2013.

Note 17. Net Loss Per Share

Basic earnings (loss) per share (EPS) is computed using the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share are computed using the weighted-average number of common shares and the dilutive effect of contingent shares outstanding during the period. Potentially dilutive contingent shares, which primarily consist of stock options issued to employees and consultants, restricted stock units and warrants issued to third parties and accounted for as equity or liability instruments have been excluded from the diluted income (loss) per share calculation because their effect is anti-dilutive.

The following table sets forth the computation of basic and diluted net loss per share of common stock (in thousands, except per share amounts):

	2014	2013	2012
Net income (loss) (Numerator):			
Net loss	$ (57,194)	$ (114,741)	$ (42,803)
Net income attributable to noncontrolling interest	194	290	—
Net loss attributable to Global Eagle Entertainment, Inc. common stockholders for basic and diluted EPS	$ (57,388)	$ (115,031)	$ (42,803)
Shares (Denominator):			
Weighted average common shares outstanding - basic	73,300	53,061	19,148
Dilutive effect of stock options and warrants	—	—	—
Weighted average common shares outstanding - diluted	73,300	53,061	19,148
Net loss per share - basic	$ (0.78)	$ (2.17)	$ (2.24)
Net loss per share - diluted	$ (0.78)	$ (2.17)	$ (2.24)

As of each period end, the following weighted average common equivalent shares were excluded from the calculation of the Company's net income (loss) per share as their inclusion would have been antidilutive (in thousands):

	2014	2013	2012
Stock options	2,025	3,457	—
Restricted stock units	3	—	—
Non-employees stock options	5	—	—
Equity warrants	1,101	7,596	—
Liability warrants	1,356	18,893	—

Note 18. Quarterly Financial Data (Unaudited)

The following quarterly consolidated statements of operations for the quarters in the years ended December 31, 2014 and 2013 are unaudited, and have been prepared on a basis consistent with our audited consolidated annual financial statements, and include, in the opinion of management, all normal recurring adjustments necessary for the fair statement of the financial information contained in those statements.

	Quarter ended,							
(in thousands)	March 31, 2013	June 30, 2013	September 30 2013	December 31, 2013	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014
Revenue	$ 42,513	$ 62,831	$ 74,518	$ 79,860	$ 85,968	$ 98,145	$ 102,623	$ 100,999
Operating expenses:								
Cost of sales	35,749	49,820	54,002	58,367	65,117	74,608	73,618	68,530
Sales and marketing expenses	2,287	2,399	3,758	1,871	2,835	3,322	3,980	3,150
Product development	1,337	2,327	2,282	3,122	3,922	4,465	7,212	7,411
General and administrative	24,059	12,745	17,056	16,784	17,067	17,143	17,172	26,391
Amortization of intangible assets	1,233	3,016	4,221	8,811	6,419	6,146	6,049	5,938
Restructuring charges	—	—	—	—	—	—	2,606	1,617
Total operating expenses	64,665	70,307	81,319	88,955	95,360	105,684	110,637	113,037
Loss from operations	(22,152)	(7,476)	(6,801)	(9,095)	(9,392)	(7,539)	(8,014)	(12,038)
Other income (expense), net	(176)	(282)	(267)	(1,691)	(161)	42	175	32
Change in fair value of financial instruments	(4,615)	(4,725)	2,233	(56,854)	(15,518)	21,326	(5,253)	(7,510)
Other income (expense), net	(44)	13	601	(1,571)	179	(990)	(984)	(975)
Loss before income taxes	(26,987)	(12,470)	(4,234)	(69,211)	(24,892)	12,839	(14,076)	(20,491)
Income tax expense	34	559	1,161	85	1,257	843	1,454	7,020
Net loss	(27,021)	(13,029)	(5,395)	(69,296)	(26,149)	11,996	(15,530)	(27,511)
Non-controlling interests	(39)	108	158	63	194	—	—	—
Net loss attributable to common stockholders	$ (26,982)	$ (13,137)	$ (5,553)	$ (69,359)	$ (26,343)	$ 11,996	$ (15,530)	$ (27,511)
Net income (loss) per common share - basic	$ (0.61)	$ (0.24)	$ (0.10)	$ (1.19)	$ (0.37)	$ 0.17	$ (0.21)	$ (0.36)
Net income (loss) per common share - diluted	$ (0.61)	$ (0.24)	$ (0.10)	$ (1.19)	$ (0.37)	$ (0.13)	$ (0.21)	$ (0.36)
Weighted average common shares basic	44,014	54,843	55,166	58,223	71,978	71,988	72,877	76,313
Weighted average common shares diluted	44,014	54,843	55,166	58,223	71,978	72,468	72,877	76,313

Note 19. Restructuring

The Company records the cost reduction plan activities in accordance with the Accounting Standards Codification (ASC), including *ASC 420 Exit or Disposal Cost Obligations*, *ASC 712 Compensation-Nonretirement Postemployment Benefits* and *ASC 360 Property, Plant, and Equipment (Impairment or Disposal of Long-Lived Assets)*.

During the third quarter ended September 30, 2014, the Company implemented a plan to improve operational efficiencies, which included the closure of its German-based operations and facilities, centralization of its international financial operations, and realignment of its international and U.S. tax structure (the "Plan"). During the three months ended September 30, 2014 and in conjunction with the Plan, the Company committed to a reduction in force. As of September 23, 2014, the Company communicated the reduction to affected employees. The Company anticipates that it will substantially complete the implementation of its Plan by the first half of 2015.

The Company currently estimates that $4.7 million to $5.2 million of restructuring charges will be incurred in connection with the Plan, including:

(1) The Company estimates that it will incur total expenses relating to employee termination benefits, which primarily include severance and transitional-related expenses, of approximately $2.7 million, all of which represents cash expenditures. Of this amount, the Company expects to record $0.2 million to $0.4 million in the first quarter of 2015.

(2) In connection with the closure of its German operations pursuant to the Plan, the Company expects disposals of approximately 11000 square feet of leased facilities in Duisburg and Munich, Germany, representing approximately 6% of its global facilities square footage. The Company expects to incur approximately $0.5 million in the aggregate facilities disposal charges pursuant to the Plan, beginning in the three months ended September 30, 2014 and throughout the first half of 2015.

(3) Beginning in the third quarter of 2014 through the first half of 2015, the Company anticipates incurring periodic restructuring expenditures in an aggregate amount of $1.5 million to $2.0 million, comprised of legal and professional fees associated with the execution of the Plan.

The following table summarizes the charges recorded during the year ended December 31, 2014 related to the restructuring plan by type of activity (in thousands):

	Termination benefits	Leases and other contractual obligations	Other	Total
Restructuring charges	$ 2,489	$ 322	$ 1,412	$ 4,223
Total Restructuring charges	$ 2,489	$ 322	$ 1,412	$ 4,223

The following table summarizes the charges and spending relating to the restructuring plan (in thousands):

	Termination Costs	Leases and other contractual obligations	Other	Total
Restructuring reserves as of January 1, 2014	$ —	$ —	$ —	$ —
Expense	2,489	322	1,412	4,223
Payments	(1,680)	(283)	(336)	(2,299)
Restructuring reserves as of December 31, 2014	$ 809	$ 39	$ 1,076	$ 1,924

Note 20. Subsequent Events

In February 2015, we issued $82.5 million principal amount of convertible notes due in 2035 (the "Convertible Notes") in a private placement. The Convertible Notes were issued at par and pay interest semi-annually in arrears at an annual rate of 2.75%. The Convertible Notes will mature on February 15, 2035, unless earlier repurchased, redeemed or converted. The Convertible Notes are convertible in certain circumstances and subject to certain conditions, based on an initial conversion rate of 53.9084 shares of common stock per $1,000 principal amount of notes (which represents an initial conversion price of approximately $18.55 per share), subject to adjustment. Holders of the Convertible Notes may convert their Convertible Notes at their option at any time prior to the close of business on the business day immediately preceding November 15, 2034, only if one or more of the following conditions has been satisfied: 1) during any calendar quarter beginning after March 31, 2015 if the closing price of the Company's common stock equals or exceeds 130% of the respective conversion price per share during a defined period at the end of the previous quarter, 2) during the five consecutive business day period immediately following any five consecutive trading day period in which the trading price per $1,000 principal amount of Convertible Notes for each trading day was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day; 3) if specified corporate transactions occur, or 4) if the Company calls any or all of the Convertible Notes for redemption, at any time prior to the close of business on the second business day immediately preceding the redemption date. On or after November 15, 2034, until the close of business on the second scheduled trading day immediately preceding the maturity date, a holder may convert all or a portion of its Convertible Notes at any time, regardless of the foregoing circumstances.

On February 20, 2022, February 20, 2025 and February 20, 2030 and if the Company undergoes a “fundamental change” (as defined in the indenture governing the Convertible Notes (the “Indenture”)), subject to certain conditions, a holder will have the option to require the Company to repurchase all or a portion of its Convertible Notes for cash at a repurchase price equal to 100% of the principal amount of the Convertible Notes to be repurchased, plus any accrued and unpaid interest, if any, to, but excluding, the relevant repurchase date. In addition, upon the occurrence of a “make-whole fundamental change” (as defined in the Indenture) or if the Company delivers a redemption notice prior to February 20, 2022, the Company will, in certain circumstances, increase the conversion rate for a holder that converts its Convertible Notes in connection with such make-whole fundamental change or redemption notice, as the case may be.

The Company may not redeem the Convertible Notes prior to February 20, 2019. The Company may, at its option, redeem all or part of the Convertible Notes at any time (i) on or after February 20, 2019 if the last reported sale price per share of the Company’s common stock has been at least 130% of the conversion price then in effect for at least 20 trading days during any thirty consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides written notice of redemption and (ii) on or after February 20, 2022 regardless of the sale price condition described in clause (i), in each case, at a redemption price equal to 100% of the principal amount of the Convertible Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. Upon conversion of any Convertible Note, the Company shall pay or deliver to the converting Holder, cash, shares of Common Stock or a combination of cash and shares of the Company's common stock, at the Company's election.

21. Revision to Previously Issued Financial Statements

Immaterial adjustments were identified related to the accounting for certain revenue and cost reimbursements for the years ended December 31, 2012, 2011 and 2010, as well as the cumulative impact of these immaterial adjustments as of December 31, 2012. The immaterial adjustments resulted from revenue recognition pertaining to certain agreements containing multiple elements during the years ended December 31, 2012, 2011 and 2010, and certain cost reimbursements pertaining to the year ended December 31, 2012. The Company assessed the materiality of these adjustments on the financial statements of prior periods in accordance with the SEC's Staff Accounting Bulletin No. 99 ("SAB 99") and concluded that the adjustments were not material to any prior annual periods, but the cumulative adjustment would likely be quantitatively material to the expected results of operations of the Company’s parent, Global Eagle Entertainment, Inc. for the quarter ended June 30, 2013, if the entire adjustment was recorded in that period. Accordingly, the Company revised the statements of operations and balance sheets for the years ended December 31, 2012, 2011 and 2010 to correct for these immaterial adjustments in accordance with the SEC's Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statement," the impact of which is summarized on Form 8-K filed on August 9, 2013. These adjustments had no impact on the reported results from operations for the any periods prior to the year ended December 31, 2010 or on the net cash flows from operating, investing or financing activities for any of the periods presented. The net effect on stockholders’ deficit is also immaterial for all periods presented.

EXHIBIT INDEX

Exhibit No.	Document
2.1	Agreement and Plan of Merger and Reorganization, dated as of November 8, 2012, by and among Global Eagle Acquisition Corp., EAGL Merger Sub Corp., Row 44, Inc. and PAR Investment Partners, L.P. (incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q (File No. 001-35176), filed with the SEC on November 14, 2012).
2.2	Stock Purchase Agreement, dated as of November 8, 2012, by and between Global Eagle Acquisition Corp. and PAR Investment Partners, L.P. (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on November 14, 2012).
2.3	Asset Purchase Agreement, dated as of May 8, 2013, by and among the Company and the other parties thereto (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on July 10, 2013).
2.4	Letter Agreement, dated as of July 9, 2013, by and among the Company and the other parties thereto (incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on July 10, 2013).
2.5	Sale and Purchase Agreement by and among IFES Acquisition Corp. Limited, an English company, GCP Capital Partners LLP and certain individuals, dated October 18, 2013 (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on October 21, 2013).
3.1	Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on February 6, 2013).
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on February 6, 2013).
4.1	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.2 to Amendment No. 4 to the Company's Registration Statement on Form S-1 (File No. 333-172267), filed with the SEC on May 11, 2011).
4.2	Form of Warrant Agreement by and between the Company and American Stock Transfer & Trust Company, LLC (incorporated by reference to Exhibit 4.4 to Amendment No. 2 to the Company's Registration Statement on Form S-1 (File No. 333-172267), filed with the SEC on April 6, 2011).
4.3	Specimen Warrant Certificate (incorporated by reference to Exhibit 4.3 to Amendment No. 1 to the Company's Registration Statement on Form S-1 (File No. 333-172267), and included as an exhibit in the Warrant Agreement, filed with the Securities and Exchange Commission on March 21, 2011).
4.4	Indenture (including the Form of Convertible Note), dated as of February 18, 2015, with respect to the Company's 2.75% Convertible Senior Notes due 2035, between the Company and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on February 6, 2013).
10.1*	Executive Employment Agreement, dated January 31, 2013, between the Company and David M. Davis (incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K (File No. 001-35176) filed with the SEC on February 6, 2013.
10.2*	Amendment No. 1 to the Executive Employment Agreement, dated January 17, 2014, by and between the Company and David M. Davis (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on January 21, 2014).
10.3*	Form of Indemnity Agreement for the Company's directors and executive officers (incorporated by reference to Exhibit 10.8 to Amendment No. 1 of the Company's Registration Statement on Form S-1 (File No. 333-172267) filed with the SEC on March 21, 2011).
10.4	Waiver dated March 29, 2013 by Global Eagle Acquisition LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-35176) filed with the SEC on March 29, 2013).
10.5**	System and Services Agreement dated January 2011 by and between Norwegian Air Shuttle and Row 44, Inc. (incorporated by reference to Exhibit 10.7 to Amendment No. 2 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on May 16, 2013).
10.6**	OEM Purchase and Development Agreement, dated October 12, 2009, by and between TECOM Industries, Inc. and Row 44, Inc., as amended on December 19, 2011, December 23, 2011, January 6, 2012 and January 18, 2012 (incorporated by reference to Exhibit 10.8 to Amendment No. 2 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on May 16, 2013).
10.7**	Master Equipment Purchase Agreement, dated December 21, 2007, by and between Hughes Network Systems, LLC and Row 44, Inc. (incorporated by reference to Exhibit 10.9 to Amendment No. 2 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on May 16, 2013).
10.8**	Master Services Agreement, dated December 21, 2007, by and between Hughes Network Systems, LLC and Row 44, Inc., as amended on June 6, 2008, June 30, 2009, November 15, 2010, November 18, 2010, January 15, 2011, March 30, 2011, July 29, 2011, August 3, 2011, September 7, 2011, December 19, 2011, January 23, 2012, September 11, 2012 and January 18, 2013 (incorporated by reference to Exhibit 10.10 to Amendment No. 2 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on May 16, 2013).
10.9**	Amendment No. 14, dated February 19, 2013, to Master Services Agreement, dated December 21, 2007, by and between Hughes Network Systems, LLC and Row 44, Inc. (incorporated by reference to Exhibit 10.1 to Amendment No. 1 to the Company's Quarterly Report on Form 10-Q (File No. 001-35176), filed with the SEC on May 15, 2013).
10.10**	Amendment No. 16, dated May 15, 2013, to Master Services Agreement, dated December 21, 2007, by and between Hughes Network Systems, LLC and Row 44, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 001-35176), filed with the SEC on August 9, 2013).
10.11**	Amendment No. 18, dated June 25, 2013, to Master Services Agreement, dated December 21, 2007, by and between Hughes Network Systems, LLC and Row 44, Inc. (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (File No. 001-35176), filed with the SEC on August 9, 2013).
10.12**	Amendment No. 19, dated July 1, 2013, to Master Services Agreement, dated December 21, 2007, by and between Hughes Network Systems, LLC and Row 44, Inc. (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q (File No. 001-35176), filed with the SEC on November 12, 2013).
10.13**	Amended and Restated Master Services Agreement, dated December 31, 2013, by and between Hughes Network Systems, LLC and

	Row 44, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on January 7, 2014).
10.14**	Amended and Restated Supply and Services Agreement dated February 1, 2013 by and between Row 44, Inc. and Southwest Airlines Co. (incorporated by reference to Exhibit 10.12 to Amendment No. 2 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on May 16, 2013).
10.15*	Consulting Agreement and Mutual General Release, dated October 2, 2013, by and between the Company and Louis Bélanger-Martin (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on October 3, 2013).
10.16*	Amendment No. 1 to the Consulting Agreement and Mutual General Release, dated October 14, 2013, by and between the Company and Louis Bélanger-Martin (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on October 16, 2013).
10.17*	Amendment No. 2 to the Consulting Agreement and Mutual General Release, dated December 28, 2013, by and between the Company and Louis Bélanger-Martin (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on December 30, 2013).
10.18*	Non-Competition Agreement, dated October 2, 2013, by and between the Company and Louis Bélanger-Martin (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on October 3, 2013).
10.19	Convertible Note Purchase Agreement between the Company and PAR Investment Partners, L.P., dated October 21, 2013 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on October 21, 2013).
10.20	Conversion Agreement between the Company and PAR Investment Partners, L.P., dated October 21, 2013 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on October 21, 2013).
10.21	Common Stock Purchase Agreement between the Company and Putnam Equity Spectrum Fund, dated October 18, 2013 (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on October 21, 2013).
10.22	Amended and Restated Registration Rights Agreement among the Company and certain holders party thereto, dated January 31, 2013 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on February 6, 2013).
10.23	Amendment No. 1 to the Amended and Restated Registration Rights Agreement among the Company and certain holders party thereto, dated October 21, 2013 (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on October 21, 2013).
10.24	Voting Rights Waiver Agreement between the Company and Putnam Investment Management, LLC, dated October 21, 2013 (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on October 21, 2013).
10.25*	Global Eagle Entertainment Inc. 2013 Equity Incentive Plan, as amended (incorporated by reference to Appendix B to the Global Eagle Entertainment Inc. Definitive Proxy Statement on Schedule 14A (File No. 001-35176), filed on December 2, 2013).
10.26*	Form of Incentive Stock Option Agreement pursuant to The Global Eagle Entertainment Inc. 2013 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on December 24, 2013).
10.27*	Form of Nonstatutory Stock Option Agreement pursuant to The Global Eagle Entertainment Inc. 2013 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on December 24, 2013).
10.28*	Form of Stock Restriction Agreement pursuant to The Global Eagle Entertainment Inc. 2013 Equity Incentive Plan (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K (File No. 001-35176), filed with the SEC on December 24, 2013).
10.29*	Executive Employment Agreement, dated January 31, 2013, between the Company and John LaValle (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K (File No. 001-35176) filed with the SEC on February 6, 2013).
10.30*	Separation Agreement and General Release, dated July 9, 2014, by and between Global Eagle Entertainment Inc. and John LaValle (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-35176) filed with the SEC on July 15, 2014).
10.31	Consulting Agreement, dated July 9, 2014, by and between Global Eagle Entertainment Inc. and John LaValle (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-35176) filed with the SEC on July 15, 2014).
10.32	Executive Employment Agreement, dated July 9, 2014, by and between Global Eagle Entertainment Inc. and David M. Davis (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K (File No. 001-35176) filed with the SEC on July 15, 2014).
10.33	Executive Employment Agreement, made as of November 3, 2014, by and between Global Eagle Entertainment Inc. and Michael Zemetra (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-35176) filed with the SEC on November 6, 2014).
10.34	Tender Support Agreement, dated as of August 13, 2014, between Global Eagle Entertainment Inc. and Harry E. Sloan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-35176) filed with the SEC August 18, 2014).
10.35	Tender Support Agreement, dated as of August 13, 2014, between Global Eagle Entertainment Inc. and Jeff Sagansky (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-35176) filed with the SEC August 18, 2014)..
10.36	Loan and Security Agreement, dated as of December 22, 2014, by and among Citibank, N.A., the Company, and the direct or indirect domestic subsidiaries of the Company listed on Schedule 1 of the Agreement or otherwise a party to the Agreement from time to time.
10.37	Consent to Loan and Security Agreement, dated as of December 22, 2014, by and among Citibank, N.A., the Company, and the direct or indirect domestic subsidiaries of the Company listed on Schedule 1 thereto or otherwise a party thereto from time to time.
10.38**	Framework Agreement, dated October 24, 2014, between the Company and New Skies Satellites B.V.
10.39**	Amendment No. 1 to the Framework Agreement, dated February 11, 2015, between the Company and New Skies Satellites B.V.
10.40**	Master Services Agreement, dated October 24, 2014, between the Company and New Skies Satellites B.V.
10.41	Director Compensation Policy.
14.1	Form of Code of Ethics. (incorporated by reference to Exhibit 14 to Amendment No. 1 to the Company's Registration Statement on Form S-1 (File No. 333-172267), filed with the SEC on March 21, 2011).

21.1	List of Subsidiaries.
23.1	Consent of Ernst & Young, LLP, Independent Registered Public Accounting Firm.
23.2	Consent of Rose, Snyder & Jacobs LLP, Independent Registered Public Accounting Firm.
31.1	Certification of the Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a).
31.2	Certification of the Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a).
32.1	Certification of the Chief Executive Officer required by Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. 1350.
32.2	Certification of the Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. 1350.
101.INS	XBRL Instance Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document

*Management contract or compensatory plan or arrangement.

**Confidential treatment has been requested or granted for certain portions omitted from this Exhibit pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (as the same may be amended, restated, modified, or supplemented from time to time, this "**Agreement**") dated as of December 22, 2014 (the " **Effective Date**"), is among Citibank, N.A. ("**Citibank**" or "**Bank"**), Global Eagle Entertainment Inc., a Delaware corporation (the " **Borrower**"), and the direct or indirect domestic subsidiaries of the Borrower listed on Schedule 1 hereof or otherwise a party hereto from time to time (each a "**Guarantor**" and collectively, the " **Guarantors**", and together with the Borrower, each a "**Loan Party**" and collectively, the "**Loan Parties**").

The parties to this Agreement agree as follows:

1. DEFINITIONS AND OTHER TERMS

1.1 Terms. Capitalized terms used herein shall have the meanings set forth in Section 1.4 to the extent defined therein. All other capitalized terms used but not defined herein shall have the meaning given to such terms in the Code. Any accounting term used but not defined herein shall be construed in accordance with GAAP and all calculations shall be made in accordance with GAAP. The term "financial statements" shall include the accompanying notes and schedules.

1.2 Section References. Any section, subsection, schedule or exhibit references are to this Agreement unless otherwise specified.

1.3 Times of Day. Unless otherwise specified, all references in Loan Documents to times of day shall be references to Pacific time (daylight or standard, as applicable).

1.4 Definitions. The following terms are defined in the Sections or subsections referenced opposite such terms:

"**Agreement**"	Preamble
"Bank"	Preamble
"**Borrower**"	Preamble
"**Citibank**"	Preamble
"**Citibank L/Cs**"	Permitted Indebtedness
"**Claims**"	Section 12.2
"**Closing Fee**"	Section 2.6
"**Effective Date**"	Preamble
"**Event of Default**"	Section 8
"**Guarantor**" and "**Guarantors**"	Preamble
"**Indemnified Person**"	Section 12.2
"**Lender Transfer**"	Section 12.1
"**Loan Party**" and "**Loan Parties**"	Preamble
"**New Subsidiary**"	Section 6.14
"**Perfection Certificate**" and "**Perfection Certificates**"	Section 5.1
"**Revolving Loan**"	Section 2.2(b)
"**Swap Contract**"	Permitted Indebtedness

"**Term Loan**"	Section 2.2(a)
"**Transfer**"	Section 7.1

In addition to the terms defined elsewhere in this Agreement, the following terms have the following meanings:

"**Account**" is any "account" as defined in the Code with such additions to such term as may hereafter be made under the Code, and includes, without limitation, all accounts receivable and other sums owing to the Loan Parties.

"**Account Debtor**" is any "account debtor" as defined in the Code with such additions to such term as may hereafter be made under the Code.

"**Account Receivable**" means, with respect to any Person, any and all rights of such Person to payment for goods sold and/or services rendered, including accounts, general intangibles and any and all such rights evidenced by chattel paper, instruments or documents, whether due or to become due and whether or not earned by performance, and whether now or hereafter acquired or arising in the future, and any proceeds arising therefrom or relating thereto.

"**Adjusted EBITDA**" means, for any period for the Borrower and its Subsidiaries on a consolidated basis for such period, Net Income in such period, plus, without duplication, in each case solely to the extent decreasing Net Income in such period: (i) Interest Expense, (ii) any provision for federal, state, local or foreign income taxes or franchise taxes, (iii) amortization and depreciation, (iv) any non-cash expense recorded with respect to stock options or other equity-based compensation (including in the form convertible promissory notes), (v) any expenses associated with the revaluation of fair value warrant liability, (vi) any non-cash cost or expense related to adjustments in the fair value of derivative instruments, (vii) any non-recurring costs or expenses incurred in connection with the making of acquisitions or any restructuring of or by the Borrower or any Subsidiary not to exceed Ten Million Dollars ($10,000,000) during such period and (viii) other non-cash and non-recurring expenses reducing Net Income during such period.

"**Affiliate**" of any Person is a Person that owns or controls directly or indirectly the Person or any Person that controls or is controlled by or is under common control with the Person.

"**Applicable Margin**" is a percentage per annum equal to 1.75%.

"**Availability Period**" is in respect of the Revolving Commitment, the period from and including the Effective Date to the earliest of (i) the Maturity Date and (ii) the date of termination of the commitment of Citibank to make Revolving Loans pursuant to Section 8.

"**Anti-Terrorism Laws**" are any laws relating to terrorism or money laundering, including without limitation Executive Order No. 13224 (effective September 24, 2001), the USA PATRIOT Act, the laws comprising or implementing the Bank Secrecy Act, and the laws administered by OFAC.

"**Bank's Expenses**" are (i) all reasonable audit fees and expenses, costs, and expenses (including reasonable attorneys' fees and expenses, as well as appraisal fees, fees incurred on account of lien searches, inspection fees, and filing fees) for preparing, amending, negotiating and administering the Loan Documents, and (ii) all fees and expenses (including attorneys' fees and expenses, as well as appraisal fees, fees incurred on account of lien searches, inspection fees, and filing fees) for defending and enforcing the Loan Documents (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings) or otherwise incurred by Citibank in connection with defending or enforcing the Loan Documents.

"**Base Rate**" is for any day a fluctuating rate per annum equal to the highest of (i) the Federal Funds Rate plus 1/2 of 1%, (ii) the rate of interest in effect for such day as publicly announced from time to time by Citibank as its "prime rate," and (iii) the LIBOR Rate plus 1.00%. The "prime rate" is a rate set by Citibank based upon various factors including Citibank's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such prime rate announced by Citibank shall take effect at the opening of business on the day specified in the public announcement of such change.

"**Base Rate Loan**" is a Loan that bears interest based on the Base Rate.

"**Blocked Person**" is any Person: (i) listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (iii) a Person with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law, (iv) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in Executive Order No. 13224, or (v) a Person that is named a "specially designated national" or "blocked person" on the most current list published by OFAC or other similar list.

"**Borrower's Books**" are the Borrower's or any other Loan Parties' books and records including ledgers, federal, and state tax returns, records regarding the Borrower's or the other Loan Parties' assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

"**Borrowing**" is a Revolving Borrowing or a Term Borrowing, as the context requires.

"**Business Day**" is any day that is not a Saturday, Sunday or a day on which commercial banks in New York, New York are required or authorized to be closed.

"**Capital Expenditures**" means, with respect to any Person for any period, the sum of (i) the aggregate of all expenditures by such Person and its Subsidiaries during such period that in accordance with GAAP are or should be included in "property, plant and equipment" or in a similar fixed asset account on its balance sheet, whether such expenditures are paid in cash or financed and including all Capitalized Lease Obligations paid or payable during such period, and (ii) to the extent not covered by clause (i) above, the aggregate of all expenditures by such Person and its Subsidiaries during such period to acquire capital assets; <u>provided</u> that, Capital Expenditures shall not include

(a) any expenditure described in the foregoing clauses (i) or (ii) to the extent made by a Person in connection with the purchase or other acquisition of all of the equity interests in, or all or substantially all of the property of, any other Person or business unit (including as a result of a merger or consolidation); (b) normal replacements and maintenance which are properly charged to current operations; (c) any such expenditures made in connection with the replacement, substitution, repair or restoration of any assets to the extent financed (1) with insurance proceeds received by a Loan Party or any of its Subsidiaries on account of the loss of, or any damage to, the assets being replaced, substituted for, repaired or restored or (2) with the proceeds of any compensation awarded to a Loan Party or any of its Subsidiaries as a result of the taking, by eminent domain or condemnation, of the assets being replaced or substituted for, in each case of clauses (a)(1) and (a)(2), so long as such Loan Party is permitted to reinvest such proceeds pursuant to this Agreement, (d) the purchase price of any equipment that is purchased simultaneously with the trade-in of any existing equipment by a Loan Party or any of its Subsidiaries to the extent that the gross amount of such purchase price is reduced by any credit granted by the seller of such equipment for the equipment being traded in, or (e) the purchase price of any property, plant or equipment purchased within 180 days of the consummation of any disposition permitted under the terms of this Agreement by a Loan Party or any of its Subsidiaries of any other property, plant or equipment to the extent purchased with the net cash proceeds of such disposition.

"**Capital Lease Obligations**" means, on any date of determination, the obligations of the Loan Parties to pay rent or other amounts under a lease of (or other agreement conveying the right to use) Property, which obligations are required to be classified and accounted for as a capital lease on a balance sheet of the Loan Parties under GAAP. For purposes of this Agreement, the amount of such Capital Lease Obligations shall be the capitalized amount thereof, determined in accordance with GAAP.

"**Cash Equivalents**" are (i) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than one (1) year from the date of acquisition; (ii) commercial paper maturing no more than one (1) year after its acquisition and having the highest rating from either Standard & Poor's Ratings Group or Moody's Investors Service, Inc., (iii) certificates of deposit maturing no more than one (1) year after acquisition; provided that the account in which any such certificate of deposit is maintained is subject to a Control Agreement in favor of Citibank (unless such account is with Citibank), and (iv) any money market or similar funds that exclusively hold any of the foregoing.

"**Code**" is the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of New York; provided, that, to the extent that the Code is used to define any term herein or in any Loan Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, Citibank's Lien on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of New York, the term "**Code**" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions relating to such provisions.

“**Collateral**” is any and all properties, rights and assets of any Loan Party described on Exhibit A.

“**Collateral Account**” is any Deposit Account, Securities Account, or Commodity Account, or any other bank account maintained by any Loan Party at any time.

“**Commitment**” is a Term Commitment or a Revolving Commitment, as the context may require.

“**Commodity Account**” is any “commodity account” as defined in the Code with such additions to such term as may hereafter be made under the Code.

“**Compliance Certificate**” is that certain certificate in substantially the form attached hereto as Exhibit B.

“**Contingent Obligation**” is, for any Person, any direct or indirect liability, contingent or not, of that Person for (i) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (ii) any obligations for undrawn letters of credit for the account of that Person; and (iii) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but “Contingent Obligation” does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith in accordance with GAAP; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement. For the avoidance of doubt, the parties hereto hereby agree that to the extent that minimum guarantees and other similar contractual obligations undertaken or incurred by the Borrower or any Subsidiary of the Borrower associated with licensing, acquiring or providing content (including, without limitation, film rights) or Internet protocol television services shall not constitute Indebtedness or liabilities in accordance with GAAP, such minimum guarantees and other similar contractual obligations shall not constitute Contingent Obligations.

“**Control Agreement**” is any control agreement entered into among the depository institution at which any Loan Party maintains a Deposit Account or the securities intermediary or commodity intermediary at which any Loan Party maintains a Securities Account or a Commodity Account, and Citibank, pursuant to which Citibank obtains “control” (within the meaning of the Code) over such Deposit Account, Securities Account, or Commodity Account.

“**Copyrights**” are any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret.

“**Default Rate**” means a fixed per annum rate equal to the rate that is otherwise applicable thereto plus two percentage points (2.00%).

“**Deposit Account**” is any “deposit account” as defined in the Code with such additions to such term as may hereafter be made.

“**Designated Deposit Account**” is the Borrower’s deposit account, account number 205424534, maintained at Citibank.

“**Disclosure Schedules**” the disclosure schedules to this Agreement, as amended or supplemented from time to time by the Loan Parties with the written consent of Citibank (or as supplemented by the Loan Parties pursuant to the terms of the Loan Documents), delivered by the Loan Parties to Citibank.

“**Dollars**,” “**dollars**” and “$” each mean lawful money of the United States.

“**Equipment**” is all “equipment” as defined in the Code with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

“**ERISA**” is the Employee Retirement Income Security Act of 1974, as amended, and its regulations.

“**Excluded Taxes**” means any of the following taxes imposed on or with respect to a Lender or required to be withheld or deducted from a payment to a Lender, (a) taxes, imposed on or measured by net income (however denominated) of a Lender, and franchise taxes and branch profits taxes imposed on a Lender, in each case, (i) imposed as a result of such Lender being organized under the laws of, or having its principal office or its applicable lending office located in the jurisdiction imposing such tax, (ii) that are Other Connection Taxes, or (iii) U.S. federal withholding taxes imposed on amounts payable to or for the account of a Lender with respect to an applicable interest in a Loan or commitment pursuant to a law in effect on the date on which (X) such Lender acquires such interest in a Loan or commitment or (Y) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.7, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changes its lending office, and (b) any U.S. federal withholding taxes imposed pursuant to FATCA.

“**FATCA**” means Sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), as of the date of this Agreement (or any amended or successor version that is substantially comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code.

“**Foreign Currency**” means lawful money of a country other than the United States.

"**Foreign Subsidiary**" is a Subsidiary that is not an entity organized under the laws of the United States or any territory thereof.

"**GAAP**" is generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession in the United States, which are applicable to the circumstances as of the date of determination.

"**General Intangibles**" are all "general intangibles" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made under the Code, and includes without limitation, all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work, whether published or unpublished, any patents, trademarks, service marks and, to the extent permitted under applicable law, any applications therefor, whether registered or not, any trade secret rights, including any rights to unpatented inventions, payment intangibles, royalties, contract rights, goodwill, franchise agreements, purchase orders, customer lists, route lists, telephone numbers, domain names, claims, income and other tax refunds, security and other deposits, options to purchase or sell real or personal property, rights in all litigation presently or hereafter pending (whether in contract, tort or otherwise), insurance policies (including without limitation key man, property damage, and business interruption insurance), payments of insurance and rights to payment of any kind.

"**Governmental Approval**" is any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

"**Governmental Authority**" is any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

"**Guaranty**" is any guarantee of all or any part of the Obligations, as the same may from time to time be amended, restated, modified or otherwise supplemented.

"**Indebtedness**" is (i) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (ii) obligations evidenced by notes, bonds, debentures or similar instruments, (iii) Capital Lease Obligations, and (iv) Contingent Obligations with respect to any of the items described in clauses (i) through (iii).

"**Insolvency Proceeding**" is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions or proceedings seeking reorganization, arrangement, or other relief.

"**Insolvent**" means not Solvent.

"**Intellectual Property**" means all of any Loan Party's right, title and interest in and to the following:

(i)its Copyrights, Trademarks and Patents;

(ii) any and all trade secrets and trade secret rights, including, without limitation, any rights to unpatented inventions, know-how, operating manuals;

(iii) any and all source code;

(iv) any and all design rights which may be available to such Loan Party;

(v) any and all claims for damages by way of past, present and future infringement of any of the foregoing, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the Intellectual Property rights identified above; and

(vi) all amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents.

"**Interest Expense**" means, for any period, the sum of (i) interest expense of the Borrower and its Subsidiaries calculated without duplication on a consolidated basis for such period in accordance with GAAP (including the portion of the Capital Lease Obligations of the Borrower and its Subsidiaries with respect to such period that is treated as interest in accordance with GAAP), and (ii) all premium payments, debt discounts and fees of the Borrower and its Subsidiaries in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets or in connection with any refinancing, extension, amendment or modification of any transaction for borrowed money or the deferred purchase price of assets.

"**Interest Payment Date**" means, (a) as to any LIBOR Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date; provided, however, that if any Interest Period for a LIBOR Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan, the last Business Day of each March, June, September and December and the Maturity Date.

"**Interest Period**" means, as to each LIBOR Rate Loan, the period commencing on the date such LIBOR Rate Loan is disbursed or converted to or continued as a LIBOR Rate Loan and ending on the date one, two, three or six months thereafter; provided that:

(i) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period shall extend beyond the Maturity Date.

"**Inventory**" is all "inventory" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made under the Code, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory as is temporarily out of any Person's custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

"**Investment**" is any beneficial ownership interest in any Person (including stock, partnership interest or other securities), and any loan, advance or capital contribution to any Person. For the avoidance of doubt, reimbursements made by a Person of expenses paid by its employees, officers and directors shall not constitute an "advance" to its employees, officers and directors.

"**IP Security Agreement**" is that certain short form intellectual property agreement (whether related to trademarks and patents, or copyrights) in substantially the form attached hereto as Exhibit F.

"**Key Person**" is each of the Borrower's (i) President and Chief Executive Officer, who is David Davis as of the Effective Date, and (ii) Chief Financial Officer, who is Michael Zemetra as of the Effective Date.

"**Knowledge**" means to the "best of" the applicable Loan Party's knowledge, or with a similar qualification, knowledge or awareness means the actual knowledge, after reasonable investigation, of the Responsible Officers.

"**LIBOR Rate**" means, for any Interest Period, the rate per annum equal to the London Interbank Offered Rate or a comparable or successor rate which rate is approved by Citibank, as published on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by Citibank from time to time) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, which determination shall be conclusive in the absence of manifest error.

"**LIBOR Rate Loan**" means a Loan that bears interest at a rate based on the LIBOR Rate.

"**Lien**" is a claim, mortgage, deed of trust, levy, charge, pledge, security interest, or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

"**Liquidity**" means unencumbered cash held at Citibank.

“**Lender**” means Citibank or any party who becomes a party to this Agreement pursuant to a Lender Transfer.

“**Loan**” means an extension of credit by Citibank to the Borrower under Section 2 in the form of a Revolving Loan or a Term Loan.

“**Loan Documents**” are, collectively, this Agreement, the Pledge Agreement, the Disclosure Schedules, each Compliance Certificate, each Loan Payment Request Form, any IP Security Agreements, any Guarantees, any Notes, any agreements creating or perfecting rights in the Collateral and any other present or future agreement entered into by any Loan Party for the benefit of Citibank in connection with this Agreement; all as amended, restated, or otherwise modified.

“**Loan Payment Request Form**” is that certain form attached hereto as Exhibit C.

“**Material Adverse Change**” is (i) a material adverse change in the business, assets, liabilities (including contingent liabilities), operations, conditions (financial or otherwise) or prospects of the Loan Parties, taken as a whole; or (ii) a material impairment of (a) the prospect of repayment of any portion of the Obligations, (b) the legality, validity or enforceability of any Loan Document, (c) the rights and remedies of Citibank under any Loan Document except as the result of the action or inaction of Citibank or (d) the validity, perfection or priority of any Lien in favor of Citibank on the Collateral except as the result of the action or inaction of Citibank.

“**Material Agreement**” is any license, agreement or other contractual arrangement whereby any Loan Party is reasonably likely to be required to transfer, either in-kind or in cash, in any fiscal year, assets or property valued (book or market) at more than One Million Dollars ($1,000,000).

“**Maturity Date**” is December 22, 2017.

“**Net Income**” means, for any period, the consolidated net income (or loss) of the Borrower and its Subsidiaries determined in accordance with GAAP, but excluding (without duplication): (i) the income of any other Person (other than its Subsidiaries) in which the Borrower or any of its Subsidiaries has an ownership interest, unless received by the Borrower or such Subsidiary in a cash distribution, (ii) any after-tax gains or losses attributable to any disposition of assets outside the ordinary course of business, (iii) any income or loss from the termination, redemption or exercise of warrants, (iv) any gains or losses related to adjustments in the fair market value of derivative instruments, (v) any gains or losses from adjustments in the fair market value of warrants, and (vi) to the extent not included in clause (i) through (v), any after-tax extraordinary, non-cash items.

“**Notes**” means the Revolving Notes and the Term Notes.

“**Obligations**” are all of the Loan Parties’ obligations to pay when due any debts, principal, interest, Bank’s Expenses, and any other amounts the Loan Parties owe Citibank now or later, in connection with, related to or arising from, out of or under, this Agreement, the other Loan Documents or the Citibank L/Cs, and including interest accruing after Insolvency Proceedings begin (whether or not allowed) and debts, liabilities, or obligations of any Loan Party assigned to Citibank in connection with this Agreement and the other Loan Documents, and the performance of the Loan Parties' duties under the Loan Documents.

"**OFAC**" is the U.S. Department of Treasury Office of Foreign Assets Control.

"**OFAC Lists** " are, collectively, the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) and/or any other list of terrorists or other restricted Persons maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Executive Orders.

"**Operating Documents**" are, for any Person, such Person's formation documents, as certified by the Secretary of State (or equivalent agency) of such Person's jurisdiction of organization on a date that is no earlier than thirty (30) days prior to the Effective Date, and, (i) if such Person is a corporation, its bylaws in current form, (ii) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and (iii) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

"**Other Connection Taxes**" means, with respect to any Lender, taxes imposed as a result of a present or former connection between such Lender and the jurisdiction imposing such tax (other than connections arising from such Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"**Patents**" means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

"**Permitted Indebtedness**" is:

(i)the Obligations;

(ii) Indebtedness existing on the Effective Date and disclosed on the Disclosure Schedules;

(iii) Subordinated Debt;

(iv) unsecured Indebtedness to trade creditors and in connection with credit cards incurred in the ordinary course of business;

(v) Indebtedness consisting of capitalized lease obligations and purchase money Indebtedness, in each case incurred by any Loan Party or any of its Subsidiaries to finance the acquisition, repair, improvement or construction of fixed or capital assets of such person, provided that (a) the aggregate outstanding principal amount of all such Indebtedness does not exceed Five Million Dollars ($5,000,000) at any time (unless otherwise consented to by Bank, which consent the Bank may withhold in its reasonable discretion after considering the facts and circumstances at the time such request is made) and (b) the principal amount of such Indebtedness does not exceed the lower of the cost or fair market value of the property so acquired or built or of such repairs or improvements financed with such Indebtedness (each measured at the time of such acquisition, repair, improvement or construction is made);

(vi) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of the Loan Parties' business;

(vii) Indebtedness consisting of standby letters or credit or similar undertaking issued from time to time by Citibank at the Borrower's request (the "**Citibank L/Cs**");

(viii) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (i) through (v) above, provided that the principal amount thereof is not increased (except by an amount equal to a reasonable premium and fees and expenses reasonably incurred in connection with such extension, refinancing, modification, amendment or restatement) or the terms thereof are not modified to impose materially more burdensome terms upon any Loan Party, or any of its Subsidiaries, as the case may be;

(ix) obligations (contingent or otherwise) existing or arising under any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing) (collectively, the "**Swap Contracts**"); provided, that (i) such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of directly mitigating risks associated with fluctuations in interest rates or foreign exchange rates and (ii) such Swap Contract does not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party;

(x) (a) Indebtedness of (1) a Subsidiary of the Borrower owed to the Borrower or another Loan Party or of a Loan Party owed to another Loan Party, which Indebtedness shall in each case, (x) constitute Collateral and (y) be on subordination terms, if any, reasonably acceptable to Bank or (2) a Subsidiary of the Borrower that is not required to be a Loan Party owed to another Subsidiary of the Borrower that is not a Loan Party; and (b) Indebtedness under or evidenced by the Restructuring Intercompany Notes;

(xi) guarantees of the Borrower or any Subsidiary of the Borrower in respect of Indebtedness otherwise permitted hereunder of the Borrower or any Subsidiary of the Borrower;

(xii) Indebtedness of any Person that becomes a Subsidiary of the Borrower after the Effective Date in connection with an acquisition which constitutes a Permitted Investment or is otherwise permitted under Section 7.3, which Indebtedness is existing at the time such Person becomes a Subsidiary of the Borrower (other than Indebtedness incurred solely in contemplation of such Person's becoming a Subsidiary of the Borrower); provided, that any Indebtedness incurred pursuant to this clause (x) is otherwise permitted hereunder or otherwise consented to by Bank (which consent the Bank may withhold in its reasonable discretion after considering the facts and circumstances at the time such request is made); and

(xiii) unsecured Indebtedness in an aggregate principal amount at any time outstanding not to exceed Five Million Dollars ($5,000,000).

"**Permitted Investments**" are:

(i) Investments disclosed on the Disclosure Schedules and existing on the Effective Date;

(ii) (a) Investments consisting of cash and Cash Equivalents, and (b) any Investments permitted by the Loan Parties' investment policy, as amended from time to time, provided that such investment policy (and any such amendment thereto) has been approved in writing by Citibank;

(iii) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of the Loan Parties;

(iv) Investments consisting of Deposit Accounts in which Citibank has a perfected Lien (subject to the terms of this Agreement);

(v) Investments in connection with Transfers permitted by Section 7.1;

(vi) Investments consisting of (a) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (b) loans to employees, officers or directors relating to the purchase of equity securities of the Borrower pursuant to employee stock purchase plans or agreements approved by the Borrower's board of directors; not to exceed One Million Dollars ($1,000,000) in the aggregate for (a) and (b) in any calendar year;

(vii) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(viii) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss; provided that this clause (viii) shall not apply to Investments of the Loan Parties in any Subsidiary;

(ix) without limiting the provisions of clauses (x) or (xi) of this definition of Permitted Investments, (a) Investments by the Borrower and its Subsidiaries in Loan Parties, (b) additional Investments by Subsidiaries of the Borrower that are not Loan Parties in other Subsidiaries that are not Loan Parties and (c) (1) so long as no Default has occurred and is continuing at the time of such Investment or would result from such Investment and (2) the Loan Parties are in pro forma compliance (determined at the time such Investment is made based on the financial information received for the fiscal quarter most recently ended prior to such time for which financial statements have been delivered to Citibank pursuant to Section 6.2, and on a pro forma basis after giving effect to such Investment and any Indebtedness incurred in connection therewith) with the covenants set forth in Section 7.16, additional Investments by the Loan Parties in Subsidiaries that are not Loan Parties in an aggregate amount not to exceed $15,000,000 per year;

(x) Investments in Subsidiaries, to the extent such Investments are made (a) solely in connection with acquisitions or (b) in the ordinary course of business solely for ordinary course operating expenses of such Subsidiaries;

(xi) the purchase or other acquisition of all of the equity interests in, or all or substantially all of the property of, any Person (including as a result of a merger or consolidation);

(xii) non-cash Investments in joint ventures or strategic alliances in the ordinary course of the Loan Parties' business consisting of the non-exclusive licensing of technology, the development of technology or the providing of technical support; and

(xiii) guarantees or intercompany loans made by the Borrower or a Subsidiary of the Borrower, to the extent such guarantees or intercompany loans constitute Permitted Indebtedness.

"**Permitted Licenses**" are (i) licenses of over-the-counter software that is commercially available to the public, and (ii) non-exclusive licenses for the use of the Intellectual Property of any Loan Party or any Subsidiary of a Loan Party entered into in the ordinary course of business (including, for the avoidance of doubt, licenses of media content, video, music programming, applications and video games to customers of the Loan Parties and their Subsidiaries in the ordinary course of business), provided, that, with respect to each such license described in clause (ii), the license constitutes an arms-length transaction, the terms of which, on their face, do not provide for a sale or assignment of any Intellectual Property and do not restrict the ability of any Loan Party or any Subsidiary of a Loan Party, as applicable, to pledge, grant a security interest in or lien on, or assign or otherwise Transfer any Intellectual Property.

"**Permitted Liens**" are:

(i) Liens existing on the Effective Date and disclosed on the Disclosure Schedules or arising under this Agreement and the other Loan Documents;

(ii) Liens for taxes, fees, assessments or other government charges or levies, either (a) not due and payable or (b) being contested in good faith and by appropriate proceedings (which proceedings have the effect of preventing the forfeiture or sale of the property or assets subject to any such Lien) and for which the applicable Person maintains adequate reserves on its books in accordance with GAAP;

(iii) Liens securing Indebtedness permitted under clause (v) of the definition of "Permitted Indebtedness," provided that such liens do not extend to any property of the Loan Parties other than the property (and proceeds thereof) acquired, leased or built, or the improvements or repairs, financed by such Indebtedness;

(iv) Liens of carriers, warehousemen, suppliers, or other Persons that are possessory in nature arising in the ordinary course of business, securing liabilities which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;

(v) Liens to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA);

(vi) Liens incurred in the extension, renewal or refinancing of the indebtedness secured by Liens described in (i) through (iii), but any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness may not increase (except by an amount equal to a reasonable premium and fees and expenses reasonably incurred in connection with such extension, renewal or refinancing);

(vii) leases or subleases of real property granted in the ordinary course of the Loan Parties' business (or, if referring to another Person, in the ordinary course of such Person's business);

(viii) leases, subleases, non-exclusive licenses or sublicenses of personal property (other than Intellectual Property) granted in the ordinary course of the Loan Parties' business (or, if referring to another Person, in the ordinary course of such Person's business), if the leases, subleases, licenses and sublicenses do not prohibit granting Citibank a security interest therein;

(ix) banker's liens, rights of setoff and Liens in favor of financial institutions incurred in the ordinary course of business arising in connection with the Loan Parties' deposit accounts or securities accounts held at such institutions solely to secure payment of fees and similar costs and expenses and provided such accounts are maintained in compliance with Section 6.6(a) hereof;

(x) Liens arising from judgments, decrees or attachments in circumstances not constituting an Event of Default under Section 8.3 or 8.6;

(xi) Permitted Licenses;

(xii) deposits to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(xiii) easements, rights-of-way, restrictions and other similar encumbrances and affecting real property which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person; and

(xiv) Liens on property of a Person existing at the time such person is merged into or consolidated with the Borrower or any Subsidiary of the Borrower to the extent securing Permitted Indebtedness (and not created in anticipation or contemplation of such merger or consolidation); provided, that (x) such Liens do not extend to property not subject to such Liens at the time of acquisition (other than improvements thereon), (y) are no more favorable to the lienholders than such existing Lien and (z) such Liens would otherwise constitute Permitted Liens or are otherwise consented to by Bank (which consent the Bank may withhold in its reasonable discretion after considering the facts and circumstances at the time such request is made).

"**Person**" is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"**Pledge Agreement**" is that certain Pledge Agreement dated as of the Effective Date by and among the Loan Parties and Citibank, as the same may from time to time be amended, restated, modified or otherwise supplemented.

"**Property**" means any interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

"**Quick Ratio**" means, on any date of determination, the ratio of (i) the sum of (a) cash and Cash Equivalents of the Borrower and its Subsidiaries as of such date, (b) marketable securities of the Borrower and its Subsidiaries permitted by the Loan Parties' investment policy, as amended from time to time, provided that such investment policy (and any such amendment thereto) has been approved in writing by Citibank, and (c) Accounts Receivables of the Borrower and its Subsidiaries as of such date, to (ii)(a) all liabilities of the Borrower and its Subsidiaries, due and payable in the year following such date, minus (b) all liabilities of the Borrower and its Subsidiaries as of such date in connection with any outstanding warrants of such Person.

“**Registered Organization**” is any “registered organization” as defined in the Code with such additions to such term as may hereafter be made under the Code.

“**Related Persons**” means, with respect to any Person, each Affiliate of such Person and each director, officer, employee, agent, trustee, representative, attorney, accountant and each insurance, environmental, legal, financial and other advisor and other consultants and agents of or to such Person or any of its Affiliates.

“**Requirement of Law**” is as to any Person, the organizational or governing documents of such Person, and any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“**Responsible Officer**” is any of the President, Chief Executive Officer, Chief Accounting Officer, General Counsel or Chief Financial Officer of a Loan Party acting alone.

“**Restructuring Intercompany Notes**” means (i) the Promissory Note by Global Eagle Entertainment Luxembourg II S.a r.l. in favor of Borrower (as successor in interest to Global Eagle Acquisition Corp.) dated as of January 31, 2013, in the original principal amount of $55,000,000, (ii) the Promissory Note by Global Eagle Entertainment GmbH in favor of Borrower (as successor in interest to Global Eagle Acquisition Corp.) dated as of January 31, 2013, in the original principal amount of the euro equivalent of $88,682,330, (iii) the Amended and Restated Promissory Note by Global Eagle Entertainment GmbH in favor of Global Eagle Entertainment Luxembourg II S.a r.l., dated as of January 31, 2013 in the original principal amount of the euro equivalent of $79,000,000, (iv) the Promissory Note by Global Eagle Entertainment Luxembourg II S.a r.l. in favor of Borrower dated as of February 8, 2013 in the original principal amount of $26,155,000, (v) the Promissory Note by Global Eagle Entertainment GmbH in favor of Global Eagle Entertainment Luxembourg II S.a r.l. dated as of February 8, 2013 in the original principal amount of EUR19,613,232, (vi) the Promissory Note by IFES Acquisition Corp. Ltd. in favor of Global Eagle Entertainment Luxembourg II S.a r.l. dated as of March 7, 2014 in the original principal amount of $36,245,950, and (vii) Promissory Note by Global Eagle Entertainment Luxembourg II S.a r.l. in favor of Borrower dated as of March 7, 2014, in the original principal amount of $36,245,950.

“**Revolving Borrowing**” means a borrowing consisting of simultaneous Revolving Loans of the same Type, made by Citibank pursuant to Section 2.2(b).

“**Revolving Commitment**” means Citibank’s obligation to make Revolving Loans to the Borrower pursuant to Section 2.2(b), in an aggregate principal amount at any one time outstanding not to exceed $20,000,000.

“**Revolving Note**” means a promissory note made by the Borrower in favor of Citibank evidencing Revolving Loans made by Citibank, substantially in the form of Exhibit D.

“**SEC**” means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

“**Securities Account**” is any “securities account” as defined in the Code with such additions to such term as may hereafter be made under the Code.

“**Solvent**” means, with respect to any Person, that (i) the fair salable value of such Person’s consolidated assets (including goodwill minus disposition costs) exceeds the fair value of such Person’s liabilities, (ii) such Person is not left with unreasonably small capital giving effect to the transactions contemplated by this Agreement and the other Loan Documents, and (iii) such Person is able to pay its debts (including trade debts) as they mature in the ordinary course (without taking into account any forbearance and extensions related to any forbearance).

“**Subordinated Debt**” is indebtedness incurred by any Loan Party or any Subsidiary of a Loan Party to any shareholder, private equity investor or venture capital investor, which is subordinated to all Indebtedness of the Loan Parties and/or their Subsidiaries to Citibank (pursuant to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Citibank entered into between Citibank, the applicable Loan Parties, and/or the applicable Subsidiaries of the Loan Parties, and the shareholder, private equity investor or venture capital investor).

“**Subsidiary**” is, with respect to any Person, any Person of which more than fifty percent (50%) of the voting stock or other equity interests (in the case of Persons other than corporations) is owned or controlled, directly or indirectly, by such Person or through one or more intermediaries; provided that (i) Oceans TV Inc. shall not be considered a Subsidiary of the Borrower so long as it is inactive and holds no assets (other than assets of *de minimis* value), owes no liabilities (other than liabilities in a *de minimis* amount) and has no operations and (ii) it is dissolved no later than one year after the Effective Date (or such later date as Citibank may agree).

“**Term Borrowing**” means a borrowing consisting of simultaneous Term Loans of the same Type, made by Citibank pursuant to Section 2.2(a).

“**Term Commitment**” means Citibank’s obligation to make Term Loans to the Borrower pursuant to Section 2.2(a) in an aggregate principal amount at any one time outstanding not to exceed $2,400,000.

“**Term Loan**” means an advance made by Citibank under Section 2.2(b).

“**Term Note**” means a promissory note made by the Borrower in favor of Citibank evidencing Term Loans made by Citibank, substantially in the form of Exhibit E.

“**Trademarks**” means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of the Loan Parties connected with and symbolized by such trademarks.

“**Type**” means, with respect to a Loan, its character as a Base Rate Loan or a LIBOR Rate Loan.

2. LOANS AND TERMS OF PAYMENT

2.1 Promise to Pay. The Borrower hereby unconditionally promises to pay Citibank the outstanding principal amount of all Loans advanced to the Borrower and accrued and unpaid interest thereon and any other amounts due hereunder as and when due in accordance with this Agreement.

2.2 Loans.

(a) Term Borrowing. Subject to the terms and conditions of this Agreement, Citibank agrees to make term loans (each such loan, a "**Term Loan**") to the Borrower on the Effective Date in an aggregate principal amount not to exceed $2,400,000. Amounts borrowed under this Section 2.2(a) and repaid or prepaid may not be reborrowed. The aggregate Term Commitments shall be automatically and permanently reduced to zero on the date of the Term Borrowing.

(b) Revolving Borrowings. Subject to the terms and conditions of this Agreement, Citibank agrees to make loans (each such loan, a "**Revolving Loan**") to the Borrower from time to time, on any Business Day during the Availability Period in an aggregate amount not to exceed at any time the Revolving Commitment. Subject to the other terms and conditions hereof, the Borrower may borrow under this Section 2.2(b), prepay under Section 2.4, and reborrow under this Section 2.2(b).

(c) Borrowings, Conversions and Continuations of Loans.

(i) Each Term Borrowing, each Revolving Borrowing, each conversion of Term Loans or Revolving Loans from one Type to the other, and each continuation of LIBOR Rate Loans shall be made upon the Borrower's irrevocable notice to Citibank, which may be given by telephone. Each such notice must be received by Citibank not later than 12:00 pm noon (i) three Business Days prior to the requested date of any Borrowing of, conversion to or continuation of LIBOR Rate Loans or of any conversion of LIBOR Rate Loans to Base Rate Loans, and (ii) on the requested date of any Borrowing of Base Rate Loans. Each telephonic notice by the Borrower pursuant to this Section 2.2(c) must be confirmed promptly by delivery to Citibank of a written Loan Payment Request Form, appropriately completed and signed by a Responsible Officer of the Borrower. Each Borrowing of, conversion to or continuation of LIBOR Rate Loans shall be in a principal amount of $500,000 or a whole multiple of $100,000 in excess thereof. Each Borrowing of or conversion to Base Rate Loans shall be in a principal amount of $500,000 or a whole multiple of $100,000 in excess thereof. Each Loan Payment Request Form (whether telephonic or written) shall specify (i) whether the Borrower is requesting a Term Borrowing, a Revolving Borrowing, a conversion of Term Loans or Revolving Loans from one Type to the other, or a continuation of LIBOR Rate Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Loans to be borrowed, converted or continued, (iv) the Type of Loans to be borrowed or to which existing Term Loans or Revolving Loans are to be converted and (v) if applicable, the duration of the Interest Period with respect thereto. If the Borrower fails to specify a Type of Loan in a Loan Payment Request Form or if the Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Term Loans or Revolving Loans shall be made as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable LIBOR Rate Loans. If the Borrower requests a Borrowing of, conversion to, or continuation of LIBOR Rate Loans in any such Loan Payment Request Form, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(ii) Except as otherwise provided herein, a LIBOR Rate Loan may be continued or converted only on the last day of an Interest Period for such LIBOR Rate Loan. During the existence of an Event of Default, no Loans may be requested as, converted to or continued as LIBOR Rate Loans.

(iii) Citibank shall promptly notify the Borrower of the interest rate applicable to any Interest Period for LIBOR Rate Loans upon determination of such interest rate. At any time that Base Rate Loans are outstanding, Citibank shall notify the Borrower of any change in Citibank's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(iv) After giving effect to all Term Borrowings, all conversions of Term Loans from one Type to the other, and all continuations of Term Loans as the same Type, there shall not be more than two Interest Periods in effect in respect of the Term Loans. After giving effect to all Revolving Borrowings, all conversions of Revolving Loans from one Type to the other, and all continuations of Revolving Loans as the same Type, there shall not be more than six (6) Interest Periods in effect in respect of the Revolving Loans.

2.3 [Reserved].

2.4 Payments.

(a) Repayment of Term Loans. The Borrower shall repay to Citibank a principal amount equal to $200,000 (together with all accrued and unpaid interest as of such payment date) on the last Business Day of each calendar quarter, with the first such payment beginning on March 31, 2015.

(b) Repayment of Revolving Loans. The Borrower shall repay to Citibank on the Maturity Date the aggregate principal amount of all Revolving Loans outstanding on such date.

(c) Interest.

(i) Subject to the provisions of clause (ii) below, (x) each LIBOR Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the LIBOR Rate for such Interest Period plus the Applicable Margin and (y) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Margin.

(ii) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any Insolvency Proceeding.

(d) Application of Interest Rate Upon Certain Events .

(i) If any amount of any principal of any Loan is not paid when due (after giving effect to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable laws.

(ii) If any amount (other than principal of any Loan) payable by the Borrower under any Loan Document is not paid when due (after giving effect to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, then upon the request of Bank (or automatically and without notice if an Event of Default under Section 8.4 occurs), such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable laws.

(iii) Upon the request of Bank (or automatically and without notice if an Event of Default under Section 8.4 occurs), while any Event of Default exists, the Borrower shall pay interest on the principal amount of all outstanding Obligations hereunder at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable laws.

(iv) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(e) Mandatory Prepayments. If the Loans are accelerated following the occurrence of an Event of Default, the Borrower shall immediately pay to Citibank an amount equal to the sum of: (i) all outstanding principal of the Loans plus accrued and unpaid interest thereon through the prepayment date, plus (ii) all other Obligations that are due and payable, including Bank's Expenses and interest at the Default Rate with respect to any past due amounts.

(f) Permitted Prepayment of Loans. The Borrower shall have the option to prepay any of the outstanding principal balance of the Loans in whole or in part without premium or penalty; provided the Borrower (i) provide written notice to Citibank of its election to prepay the Loans at least three (3) Business Days prior to such prepayment (and such notice shall specify the date and amount of such prepayment, the Types of Loans to be prepaid) and, if LIBOR Rate Loans are to be prepaid, the Interest Period(s) of such Loans) and (ii) pays to Citibank on the date of such prepayment, an amount equal to the sum of (1) the outstanding principal of the Loans or portions thereof being prepaid plus accrued and unpaid interest thereon through the prepayment date (and with respect to LIBOR Rate Loans, together with any additional losses, costs or expenses incurred by Citibank as a result of a prepayment occurring on a day other than the last day of the Interest Period for such

Loan), plus (2) all other Obligations that are due and payable on such prepayment date, including any Bank's Expenses and interest at the Default Rate (if any) with respect to any past due amounts. Prepayments of the Term Loan shall be applied to the Term Loan in inverse order of maturity.

2.5 Computation of Interest on the Loans .

(a) 360-Day Year. Interest shall be computed on the basis of a three hundred sixty (360) day year for the actual number of days elapsed.

(b) Debit of Accounts . Citibank may debit (or ACH) any deposit accounts, maintained by the Loan Parties or any Subsidiary of any Loan Party, including the Designated Deposit Account, for principal and interest payments or any other amounts the Loan Parties owe Citibank under the Loan Documents when due. Any such debits (or ACH activity) shall not constitute a set-off.

(c) Payments. Except as otherwise expressly provided herein, all payments by the Loan Parties under the Loan Documents shall be made to Citibank at its office in immediately available funds on the date specified herein. Payments of principal and/or interest received after 2:00 pm are considered received at the opening of business on the next Business Day. When a payment is due on a day that is not a Business Day, the payment is due the next Business Day and additional fees or interest, as applicable, shall continue to accrue until paid. All payments to be made by the Loan Parties hereunder or under any other Loan Document, including payments of principal and interest, and all fees, expenses, indemnities and reimbursements, shall be made without set-off, recoupment or counterclaim, in lawful money of the United States and in immediately available funds.

2.6 Fees. The Borrower shall pay to Citibank:

(a) Closing Fee. A fully-earned, non-refundable closing fee in the amount of $55,906.66 (the "**Closing Fee**"), which shall be due on the Effective Date; and

(b) Bank's Expenses . All Bank's Expenses (including reasonable attorneys' fees and expenses for documentation and negotiation of this Agreement) incurred through and after the Effective Date, when due.

2.7 Withholding. Payments received by a Lender from the Loan Parties hereunder will be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority (including any interest, additions to tax or penalties applicable thereto), other than Excluded Taxes (such non-excluded taxes referred to herein as "Indemnified Taxes"). Specifically, however, if at any time any Governmental Authority, applicable law, regulation or international agreement requires the Loan Parties to make any withholding or deduction of any tax from any such payment or other sum payable hereunder to a Lender and such tax is an Indemnified Tax, the Loan Parties hereby covenant and agree that the amount due from the Loan Parties with respect to such payment or other sum payable hereunder will be increased to the extent necessary to ensure that, after the making of such required withholding or deduction (and including any such withholdings and deductions applicable to additional sums payable under this Section), such Lender receives a net sum equal to the sum which it would have received had no withholding or deduction been required and the Loan Parties shall pay the full amount withheld or deducted to the relevant Governmental Authority. The Loan Parties will, upon request, furnish the Lender with proof reasonably satisfactory to the Lender indicating that the Loan Parties have made such withholding payment; provided, however, that the Loan Parties need not make any withholding payment if the amount or validity of such withholding payment is contested in good faith by appropriate and timely proceedings and as to which payment in full is bonded or reserved against by the Loan Parties. The agreements and obligations of the Loan Parties contained in this Section 2.7 shall survive the termination of this Agreement.

2.8 Secured Promissory Notes. If requested by Citibank, the Term Loans shall be evidenced by a Term Note and Revolving Loans shall be evidenced by a Revolving Note, as applicable, and shall be repayable as set forth in this Agreement. The Borrower irrevocably authorizes Citibank to make or cause to be made, (i) on or about the Effective Date for any Term Loan, (ii) on or about the date of any Revolving Loan or (iii) at the time of receipt of any payment of principal on Citibank's Note, an appropriate notation on such Note reflecting the making of such Loan or (as the case may be) the receipt of such payment. The outstanding amount of each Loan set forth on Citibank's Note shall be, absent manifest error, prima facie evidence of the principal amount thereof owing and unpaid to Citibank, but the failure to record, or any error in so recording, any such amount on such Note shall not limit or otherwise affect the obligations of the Borrower under any Note or any other Loan Document to make payments of principal of or interest on any Note when due. Upon receipt of an affidavit of an officer of Citibank as to the loss, theft, destruction, or mutilation of its Note, the Borrower shall issue, in lieu thereof, a replacement Note in the same principal amount thereof and of like tenor.

3. CONDITIONS OF LOANS

3.1 Conditions Precedent to Initial Loan and Letters of Credit. The obligation of Citibank to make its initial Loan is subject to the following conditions precedent:

(a) Deliveries. Citibank shall have received, on or before the Effective Date and on or before the day of any such initial Loan, all of the following, each dated (unless otherwise indicated or Citibank otherwise agrees), the Effective Date, in form and satisfactory to Citibank:

(i)original Loan Documents, each duly executed by the Loan Parties;

(ii) a completed Perfection Certificate and Disclosure Schedules for the Loan Parties;

(iii) a duly executed original Pledge Agreement;

(iv) duly executed IP Security Agreements;

(v) to the extent required by Citibank prior to closing (with respect to Collateral Accounts for which a Control Agreement must be delivered pursuant to Section 6.10), duly executed original Control Agreements with respect to any Collateral Accounts maintained by any Loan Party;

(vi) the Operating Documents and good standing certificates of each Loan Party certified by the Secretary of State (or equivalent agency) of such Loan Party's jurisdiction of organization or formation and other than as provided in Section 3.4, each jurisdiction in which each Loan Party is qualified to conduct business, each as of a date no earlier than thirty (30) days prior to the Effective Date**;**

(vii) a certificate of each Loan Party executed by the Secretary of such Loan Party with appropriate insertions and attachments, including with respect to (i) the Operating Documents of each Loan Party (which Certificate of Incorporation of such Loan Party shall be certified by the Secretary of State (or equivalent agency) in such Loan Party's jurisdiction of organization or formation, (ii) the resolutions adopted by each Loan Party's board of directors or other governing body for the purpose of approving the transactions contemplated by the Loan Documents and (iii) the names, titles and specimen signatures of its Responsible Officers;

(viii) certified copies, dated as of date no earlier than thirty (30) days prior to the Effective Date, of financing statement searches, as Citibank shall request, accompanied by written evidence (including any UCC termination statements) that the Liens indicated in any such financing statements either constitute Permitted Liens or have been terminated or released;

(ix) a duly executed legal opinion of counsel to the Loan Parties dated as of the Effective Date;

(x) copies of all material consents or waivers, if any, necessary for the execution, delivery and performance by each of the Loan Parties of the Loan Documents to which it is a party (including, without limitation and if necessary, evidence that all creditors with respect to any debt which will remain outstanding after the making of the initial Loans have consented to the Loans hereunder), which consents or waivers shall be certified by a Responsible Officer of the applicable Loan Party as true and correct copies of such consents or waivers as of the Effective Date;

(xi) (A) unaudited interim financial statements for the fiscal period most recently ended prior to the Effective Date (including without limitation monthly financial statements for any such period of less than three months, (B) pro forma balance sheet as of the Effective Date after giving effect to the Agreement and the transaction thereby and (C) projected financial statements for the three year period following the Effective Date; and

(xii) a certificate executed by the Chief Financial Officer of the Borrower demonstrating compliance with Section 7.16(a) and certifying that the financial statements previously delivered to Citibank materially reflects the financial position of the Loan Parties as of the Effective Date.

(b) Insurance. Other than as provided in Section 3.4, the Loan Parties shall have delivered evidence satisfactory to Citibank that the insurance policies required by Section 6.9 hereof are in full force and effect, together with appropriate evidence showing loss payable and/or additional insured clauses or endorsements in favor of Citibank.

(c) Payment of Indebtedness. All Indebtedness outstanding under that certain Loan Agreement dated as of September 5, 2013, between Post Modern Edit, Inc. and Union Bank, N.A. shall be paid or satisfied in full and all Liens (other than Permitted Liens) upon or affecting any Property of the Borrower or any of its Subsidiaries in connection therewith shall be terminated and/or released upon such payment.

(d) Compliance with Laws. As of the Effective Date, each Person that is a party to this Agreement or any of the other Loan Documents shall have complied with in all material respects all Governmental Approvals necessary to consummate the transactions contemplated by this Agreement and the other Loan Documents.

(e) No Prohibitions. No Governmental Approval shall prohibit the consummation of the transactions contemplated by this Agreement or any other Loan Documents, and no order, judgment or decree of any Governmental Authority or arbitrator shall, and no litigation or other proceeding shall be pending or threatened which would, enjoin, prohibit, restrain or otherwise adversely affect in any material manner the consummation of the transactions contemplated by this Agreement or the other Loan Documents or otherwise have a Material Adverse Change.

(f) No Material Adverse Change. As of the Effective Date, no Material Adverse Change shall have occurred since September 30, 2014, and no event shall have occurred which could have a material adverse effect on (i) the rights or remedies of Citibank or (ii) the ability of the Loan Parties to perform any and all of its obligations under this Agreement.

(g) No Material Litigation. As of the Effective Date, no action, suit, investigation or proceeding shall be pending or threatened before any court, arbitrator or any Governmental Authority seeking (or, to the knowledge of the Borrower, threatening to seek) an injunction, a restraining order, damages or other relief (i) with respect to any Loan Document or any documentation executed in connection therewith or (ii) which could result in a Material Adverse Change.

(h) Payment of Fees. The Loan Parties shall have paid the Closing Fee and Bank's Expenses then due as specified in Section 2.6 hereof.

3.2 Conditions Precedent to all Loans. The obligation of Citibank to make any Loan (including the initial Loan) is subject to the following additional conditions precedent:

(a) Borrowing Request. With respect to any Loan, the receipt by Citibank of an executed Loan Payment Request Form.

(b) Representations and Warranties. All of the representations and warranties of the Loan Parties contained in this Agreement and the other Loan Documents shall be true, accurate and complete in all material respects on and as of the date of such Loan; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date.

(c) No Material Adverse Change. No Material Adverse Change has occurred since December 31, 2013.

(d) No Default. No Event of Default or an event that with the passage of time could result in an Event of Default, shall exist.

(e) Payment of Fees. The fees and Bank's Expenses then due as specified in Section 2.6 hereof have been paid.

Each request for a Borrowing by the Borrower hereunder (other than a request as to the conversion of a Loan to the other Type or a continuation of a LIBOR Rate Loan) shall constitute a representation and warranty by the Borrower that the conditions precedent set forth in clauses (b) through (d) of this Section 3.2 have been satisfied (both as of the date of such notice and, unless the Borrower otherwise notifies Citibank prior to the date of such Credit Extension, as of the date of such Credit Extension).

3.3 Covenant to Deliver. The Loan Parties agree to deliver to Citibank each item required to be delivered under this Agreement as a condition precedent to any Loan. Each Loan Party expressly agrees that a Loan made prior to the receipt by Citibank of any such item shall not constitute a waiver by Citibank of such Loan Party's obligation to deliver such item, and any such Loan in the absence of a required item shall be made in Citibank's sole discretion.

3.4 Post-Closing Obligations. Notwithstanding any provision herein or in any other Loan Document to the contrary, to the extent not actually delivered on or prior to the Effective Date, the Loan Parties shall:

(a) cause each bank or financial institution at or with which any Loan Party maintains Collateral Accounts to execute and deliver Control Agreements or other appropriate instruments with respect to such Collateral Accounts to perfect Citibank's Lien in such Collateral Account in accordance with the terms hereunder no later than ninety (90) days after the Effective Date (or such later date as Citibank may agree, in each case, not to exceed thirty (30) days thereafter). The provisions of this Section 3.4(a) shall not apply to Collateral Accounts not required to be subject to a Control Agreement pursuant to Section 6.10;

(b) deliver a landlord's consent executed in favor of Citibank in respect of each leased location where any Loan Party maintains Collateral having the higher of book or market value in excess of $1,000,000, no later than ninety (90) days after the Effective Date (or such later date as Citibank may agree, in each case, not to exceed sixty (60) days thereafter);

(c) deliver a bailee waiver executed in favor of Citibank in respect of each third party bailee where any Loan Party maintains Collateral having a book value in excess of One Million Dollars ($1,000,000) no later than ninety (90) days after the Effective Date (or such later date as Citibank may agree, in each case, not to exceed sixty (60) days thereafter);

(d) deliver appropriate evidence showing loss payable and/or additional insured clauses or endorsements in favor of Citibank for its property insurance policies, by January 15, 2015;

(e) deliver a good standing certificate of each of Borrower and Row 44, Inc., certified by the Secretary of State of the State of Illinois (or equivalent agency), by January 31, 2015;

(f) to the extent the Restructuring Intercompany Notes have not been retired by March 31, 2015, originals of any Restructuring Intercompany Note in favor of any Loan Party will be delivered to Citibank, accompanied by an original note power by March 31, 2015; and

(g) make commercially reasonable efforts to deliver a UCC-3 termination statement filed by Merchant Lending to terminate that certain UCC-1 financing statement filed on January 13, 2012 at 12-7297249841 with the California Secretary of State.

4. CREATION OF SECURITY INTEREST

4.1 Grant of Security Interest. Each Loan Party hereby grants to Citibank, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Citibank, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products and supporting obligations (as defined in the Code) in respect thereof. If any Loan Party shall acquire any commercial tort claim (as defined in the Code), such Loan Party shall grant to Citibank, a security interest therein and in the proceeds and products and supporting obligations (as defined in the Code) thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Citibank.

If the Commitments have been terminated, Citibank's Lien in the Collateral shall continue until the Obligations (other than inchoate indemnity obligations and other unasserted obligations which, by their terms, are to survive termination of this Agreement) are repaid in full in cash. Upon payment in full in cash of the Obligations (other than inchoate indemnity obligations and other unasserted obligations which, by their terms, are to survive termination of this Agreement) and at such time all Commitments have been terminated, the Collateral shall be released from the Liens in favor of Citibank created hereby or under the Loan Documents, and this Agreement and all obligations (other than those expressly stated to survive such termination) of Citibank and each Loan Party hereunder or under the other Loan Documents shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights in the Collateral shall revert to the applicable Loan Party. In connection with such termination, Citibank shall, at the reasonable request and sole cost and expense of the Loan Parties, (i) promptly execute such agreements (including, without limitation, a payoff letter on customary terms) to evidence the release of its Liens in the Collateral and (ii) deliver promptly, and in any event no later than twenty (20) days after such termination, any Collateral in its possession to the applicable Loan Party.

4.2 Authorization to File Financing Statements. Each Loan Party hereby authorizes Citibank to file financing statements or take any other action reasonably required to perfect Citibank's security interests in the Collateral, without notice to such Loan Party, with all appropriate jurisdictions to perfect or protect Citibank's interest or rights under the Loan Documents.

5. REPRESENTATIONS AND WARRANTIES

Each Loan Party represents and warrants to Citibank as follows:

5.1 Due Organization, Authorization: Power and Authority.

(a) Each Loan Party is duly existing and in good standing as a Registered Organization in its jurisdiction of organization or formation and each Loan Party is qualified and licensed to do business and is in good standing in any jurisdiction in which the conduct of its businesses or its ownership of property requires that it be so qualified except where the failure to do so could not reasonably be expected to have a Material Adverse Change. In connection with this Agreement, each Loan Party has delivered to Citibank a completed perfection certificate on or prior to the Effective Date and updates and supplements thereto as and when required under this Agreement (each a "**Perfection Certificate**" and collectively, the "**Perfection Certificates**"). Each Loan Party represents and warrants that all the information set forth on the Perfection Certificates pertaining to such Loan Party is accurate and complete in all material respects, as of the delivery of such Perfection Certificate.

(b) The execution, delivery and performance by each Loan Party of the Loan Documents to which it is, or they are, a party have been duly authorized, and do not (i) conflict with such Loan Party's organizational documents, including its respective Operating Documents, (ii) contravene, conflict with, constitute a default under or violate any material Requirement of Law applicable thereto, (iii) contravene, conflict or violate any applicable order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which such Loan Party, or any of their property or assets may be bound or affected, (iv) require any action by, filing, registration, or qualification with, or Governmental Approval from, any Governmental Authority (except such actions, filings, registrations, qualifications or Governmental Approvals which have already been obtained and are in full force and effect) or are being obtained pursuant to Section 6.1(b), or (v) constitute an event of default under any Material Agreement by which any Loan Party or any of their respective properties, is bound. No Loan Party is in default under any agreement to which it is a party or by which it or any of its assets is bound except to the extent such default could reasonably be expected to have a Material Adverse Change.

5.2 Collateral.

(a) Each Loan Party has good title to, has rights in, and the power to transfer each item of the Collateral upon which it purports to grant a Lien under the Loan Documents, free and clear of any and all Liens except Permitted Liens. No Loan Party has any Deposit Accounts, Securities Accounts, Commodity Accounts or other investment accounts other than the Collateral Accounts or the other investment accounts, if any, described in the Perfection Certificates or in respect of which the Loan Parties have given Citibank notice, and the Loan Parties have taken such actions as are necessary to give Citibank a perfected security interest therein as and to the extent required under this Agreement. The Accounts are bona fide, existing obligations of the Account Debtors.

(b) The security interest granted herein is and shall at all times continue to be a first priority perfected security interest in the Collateral, subject only to Permitted Liens; provided that the Loan Parties shall have the period of time set forth in Section 3.4(a) to deliver the Control Agreements required thereunder and (ii) the Loan Parties shall not be required to take any action to perfect the Bank's security interest in any Collateral constituting vehicles, boats, trailers or planes.

(c) Post Modern Edit, Inc. no longer has any obligations remaining under that certain Agreement Number LA #170147-000 dated 1/10/12 between Merchant Lending and Post Modern Edit, LLC.

(d) On the Effective Date, except as disclosed on the Disclosure Schedules no third party bailee has possession of Collateral which has a book value in excess of One Million Dollars ($1,000,000).

(e) All Inventory and Equipment is in all material respects of good and marketable quality, free from material defects.

(f) Each Loan Party is the sole owner of the Intellectual Property each respectively purports to own, free and clear of all Liens other than Permitted Liens. As of the Effective Date, except as noted on the Disclosure Schedules, neither the Borrower nor any Loan Party is a party to, nor is bound by, any Material Agreement.

5.3 Litigation. As of the Effective Date, except as disclosed on the Perfection Certificate or otherwise in writing to the Bank, there are no actions, suits, investigations, or proceedings pending or, to the knowledge of the Responsible Officers, threatened in writing by or against any Loan Party involving more than Five Hundred Thousand Dollars ($500,000).

5.4 No Material Adverse Change; Financial Statements. All consolidated financial statements for the Borrower and its consolidated Subsidiaries, fairly present, in conformity with GAAP, and in all material respects, the consolidated financial condition of the Borrower and its consolidated Subsidiaries, and the consolidated results of operations of the Borrower and its consolidated Subsidiaries. Since December 31, 2013, there has not been a Material Adverse Change.

5.5 Solvency. The Borrower is Solvent. The Loan Parties, when taken as a whole, are Solvent.

5.6 Regulatory Compliance.

(a) No Loan Party or any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended. No Loan Party nor any of its Subsidiaries is engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). The Loan Parties and, to the extent applicable, their Subsidiaries have complied in all material respects with the Federal Fair Labor Standards Act. No Loan Party or any of its Subsidiaries is a "holding company" or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company" as each term is defined and used in the Public Utility Holding Company Act of 2005. No Loan Party or any of its Subsidiaries has violated any laws, ordinances or rules, the violation of which could reasonably be expected to have a Material Adverse Change. No Loan Party or any of its Subsidiaries' properties or assets has been used by such Loan Party or such Subsidiary or, to such Loan Party's or such Subsidiary's knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than in material compliance with applicable laws. Each Loan Party and each of its Subsidiaries has obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all Governmental Authorities that are necessary to continue their respective businesses as currently conducted, except to the extent the failure to do so could not reasonably be expected to result in a Material Adverse Change.

(b) No Loan Party, any of its Subsidiaries, or any of Loan Party's or its Subsidiaries' Affiliates or any of their respective agents acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement is (i) in violation of any Anti-Terrorism Law, (ii) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law, or (iii) is a Blocked Person. No Loan Party, any of its Subsidiaries or, to the knowledge of any Loan Party, any of their Affiliates or agents acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement, (x) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, or (y) deals in, or otherwise engages in any transaction relating to, any property or interest in property blocked pursuant to Executive Order No. 13224, any similar executive order or other Anti-Terrorism Law.

5.7 Investments. No Loan Party nor any of its Subsidiaries owns any stock, shares, partnership interests or other equity securities except for Permitted Investments.

5.8 Tax Returns and Payments; Pension Contributions. Except as disclosed in the Perfection Certificate delivered on the Closing Date, each Loan Party has timely filed all required tax returns and reports, and each Loan Party has timely paid all foreign, federal, state, and local taxes, assessments, deposits and contributions owed by such Loan Party in an amount greater than Five Hundred Thousand Dollars ($500,000), in all jurisdictions in which any such Loan Party is subject to taxes, including the United States, unless such taxes are being contested in accordance with the next sentence. Any Loan Party may defer payment of any contested taxes; <u>provided</u> that such Loan Party: (a) in good faith contests its obligation to pay the taxes by appropriate proceedings promptly and diligently instituted and conducted; (b) notifies Citibank of the commencement of, and any material development in, the proceeding; and (c) holds adequate reserves or other appropriate provisions are maintained on the books of such Loan Party, as applicable, in accordance with GAAP and which do not involve, in the reasonable judgment of Citibank, any risk of the sale, forfeiture or loss of any material portion of the Collateral. Except as disclosed in the Perfection Certificate delivered on the Closing Date, no Loan Party is aware of any claims or adjustments proposed for any such Loan Party's prior tax years which could result in additional taxes in an amount greater than Five Hundred Thousand Dollars ($500,000) becoming due and payable by such Loan Party. Each Loan Party and its Subsidiaries have paid all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in all material respects in accordance with their terms, and no Loan Party nor any of its Subsidiaries have, withdrawn from participation in, and have not permitted partial or complete termination of, or permitted the occurrence of any other event with respect to, any such plan which could reasonably be expected to result in any material liability to the Loan Parties, as a whole, including any material liability to the Pension Benefit Guaranty Corporation or its successors or any other Governmental Authority.

5.9 Use of Proceeds. The Borrower shall use the proceeds of the Term Loans and the proceeds of the Revolving Loans to fund its general business requirements and for other general corporate purposes not in contravention of the Loan Documents or applicable law.

5.10 Full Disclosure. No written representation, warranty or other statement of any Loan Party in any certificate or written statement, when taken as a whole, given to Citibank, as of the date such representation, warranty, or other statement was made, taken together with all such written certificates and written statements given to Citibank, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or statements not misleading (it being recognized that projections and forecasts provided by the Borrower in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).

6. AFFIRMATIVE COVENANTS

Each Loan Party shall, and shall cause each of its Subsidiaries to, do all of the following:

6.1 Government Compliance.

(a) Other than specifically permitted hereunder, maintain its and all its Subsidiaries' legal existence and good standing in their respective jurisdictions of organization and maintain qualification in each jurisdiction in which the failure to so qualify could reasonably be expected to have a Material Adverse Change. Comply with all laws, ordinances and regulations to which any Loan Party or any of its Subsidiaries is subject, the noncompliance with which could reasonably be expected to have a Material Adverse Change.

(b) Obtain and keep in full force and effect, all of the material Governmental Approvals necessary for the performance by each Loan Party and its Subsidiaries of their respective businesses and obligations under the Loan Documents and the grant of a security interest to Citibank in all of the Collateral.

6.2 Financial Statements, Reports, Certificates; Notices.

(a) Deliver to Citibank:

(i) no later than the date that is forty five (45) days after the last day of each of the Borrower's fiscal quarters (other than the last fiscal quarter of each fiscal year) or, if the Borrower has received an extension for the filing of the same from the SEC, on such later date as such information is filed with the SEC (but in any event no later than sixty (60) days after the last day of each of the Borrower's fiscal quarters (other than the last fiscal quarter of each fiscal year)), a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter, and the related consolidated statements of income and cash flows for such fiscal quarter and for the portion of the Borrower's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, and, if prepared by the Borrower, consolidating balance sheet (accompanied by A/R and A/P agings for each Loan Party), statements of income and cash flows covering the consolidated operations of the Borrower and its consolidated Subsidiaries for such fiscal quarter, certified by a Responsible Officer and in a form reasonably acceptable to Citibank;

(ii) no later than the date that is ninety (90) days after the last day of the Borrower's fiscal year or, if the Borrower has received an extension for the filing of the same from the SEC, on such later date as such information is filed with the SEC (but in any event no later than 105 days after the last day of each fiscal year of the Borrower), audited consolidated financial statements covering the consolidated operations of the Borrower and its consolidated Subsidiaries for such fiscal year (accompanied by A/R and A/P agings for each Loan Party), prepared under GAAP, consistently applied, together with an unqualified opinion on the financial statements from an independent certified public accounting firm acceptable to Citibank in its reasonable discretion;

(iii) as soon as available, and in any event not later than 30 days after the first day of each fiscal year, financial projections for the Borrower and its Subsidiaries for such fiscal year as presented to the Borrower's board of directors; provided that, any revisions to such projections presented the Borrower's board of directors shall be delivered to Citibank no later than seven (7) days after such presentation;

(iv) within five (5) days of delivery, copies of all non-ministerial statements, reports and notices made available to the Borrower's security holders or holders of Subordinated Debt (other than materials provided to members of the Borrower's board of directors solely in their capacities as security holder or holders of Subordinated Debt);

(v) in the event that the Borrower becomes subject to the reporting requirements under the Securities Exchange Act of 1934, as amended, on the date such information is filed with the SEC, all reports on Form 10-K, 10-Q and 8-K;

(vi) prompt notice of any amendments of or other changes to the capitalization table of the Borrower and to the respective Operating Documents of any Loan Party, in each case together with any copies reflecting such amendments or changes with respect thereto;

(vii) as soon as available, but no later than thirty (30) days after the last day of each month, copies of the month-end account statements for each Collateral Account holding more than One Million Dollars ($1,000,000) maintained by any Loan Party at a bank or institution other than Citibank, which statements may be provided to Citibank by such Loan Party or directly from the applicable institution(s);

(viii) prompt delivery of (and in any event within five (5) days after the same are sent or received) copies of all material correspondence, reports, documents and other filings with any Governmental Authority that could reasonably be expected to have a material adverse effect on any of the Governmental Approvals material to the Loan Parties' business or that otherwise could reasonably be expected to have a Material Adverse Change;

(ix) prompt notice of any event that (i) could reasonably be expected to materially and adversely affect the value of the Intellectual Property or (ii) could reasonably be expected to have a Material Adverse Change;

(x) written notice delivered at least (10) days' prior to any Loan Party's creation or acquisition of a Subsidiary;

(xi) written notice delivered at least thirty (30) days prior to any Loan Party (1) changing its respective jurisdiction of organization, (2) changing its organizational type, (3) changing its respective legal name, or (4) changing any organizational number(s) (if any) assigned by its respective jurisdiction of organization;

(xii) upon any Loan Party becoming aware of the existence of any Event of Default or event which, with the giving of notice or passage of time, or both, would constitute an Event of Default, prompt (and in any event within three (3) Business Days) written notice of such occurrence, which such notice shall include a reasonably detailed description of such Event of Default or event which, with the giving of notice or passage of time, or both, would constitute an Event of Default, and such Loan Party's proposal regarding how to cure such Event of Default or event;

(xiii) immediate notice if any Loan Party or any Subsidiary has knowledge that such Loan Party, such Subsidiary or Affiliate of such Loan Party or Subsidiary, is listed on the OFAC Lists or (a) is convicted on, (b) pleads *nolo contendere* to, (c) is indicted on, or (iv) is arraigned and held over on charges involving money laundering or predicate crimes to money laundering;

(xiv) if any Loan Party is not now a Registered Organization but later becomes one, written notice of such occurrence and information regarding such Person's organizational identification number within seven (7) Business Days of receiving such organizational identification number;

(xv) concurrently with the delivery of the financial statements specified in Section 6.2(a)(ii) above, an updated Perfection Certificate to reflect any amendments, modifications and updates, if any, to certain of the information therein after the Effective Date; and

(xvi) other information as reasonably requested by Citibank.

(b) Concurrently with the delivery of the financial statements specified in Section 6.2(a)(i) and 6.2(a)(ii) above, deliver to Citibank:

(i) a duly completed Compliance Certificate signed by a Responsible Officer of the Borrower;

(ii) updated Disclosure Schedules to reflect any amendments, modifications and updates, if any, to certain information in the Disclosure Schedules after the Effective Date;

(iii) copies of any material Governmental Approvals obtained by any Loan Party or any of its Subsidiaries;

(iv) written notice of the commencement of, and any material development in, the proceedings contemplated by Section 5.8 hereof;

(v) written notice of any litigation or governmental proceedings pending or threatened (in writing) against any Loan Party or any of its Subsidiaries, which could reasonably be expected to result in damages or costs to any Loan Party or any of its Subsidiaries of Five Hundred Thousand Dollars ($500,000);

(vi) written notice of all returns, recoveries, disputes and claims regarding Inventory that involve more than Five Hundred Thousand Dollars ($500,000) individually or in the aggregate in any calendar year;

(vii) a list of any new offices or business locations of the Loan Parties including warehouses (unless such new offices or business locations or warehouses contain less than One Million Dollars ($1,000,000) in assets or property of any Loan Party); and

(viii) notice of any commercial tort claim (as defined in the Code) or letter of credit rights (as defined in the Code) held by any Loan Party, in each case in an amount greater than Five Hundred Thousand Dollars ($500,000) and of the general details thereof.

(c) Keep proper, complete and true books of record and account in accordance with GAAP in all material respects. Each Loan Party shall, and shall cause each of its Subsidiaries to, allow, at the sole cost of such Loan Party, Citibank, during regular business hours upon not less than three (3) Business Days prior notice (provided that no notice shall be required when an Event of Default has occurred and is continuing), to visit and inspect any of its properties, to examine and make abstracts or copies from any of its books and records, and to conduct a collateral audit and analysis of its operations and the Collateral. Such audits shall be conducted no more often than twice every year unless (and more frequently if) an Event of Default has occurred and is continuing.

(d) Documents required to be delivered pursuant to Section 6.2(a)(i), (ii) or (v) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet; provided that the Borrower shall notify Citibank (by facsimile or electronic mail) of the posting of any such documents and provide to Citibank by electronic mail electronic versions (i.e., soft copies) of such documents.

6.3 Maintenance of Existence; Conduct of Business. Except as permitted by Section 7.3, each Loan Party will preserve and maintain its corporate existence (and with respect to the Borrower, it shall remain as an entity organized under the laws of one of the States of the United States of America), and all of its leases, privileges, licenses, permits, franchises, qualifications and rights that are necessary in the ordinary conduct of its business; provided, however, that no Loan Party shall be required to preserve any right, Permit, privilege, license, qualification or franchise if an authorized officer, exercising management functions, of such Loan Party shall reasonably determine that the preservation thereof is no longer necessary in the conduct of the business of such Loan Party, and that the loss thereof is not disadvantageous in any material respect to the Loan Parties taken as a whole. Each Loan Party will conduct its business in an orderly and efficient manner in accordance with good business practices.

6.4 Maintenance of Properties. Subject to the right of the Loan Parties to dispose of properties in compliance with this Agreement, each Loan Party will maintain, keep and preserve in accordance with standard industry practice all of its material properties necessary in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

6.5 Compliance with Laws. Each Loan Party will, and will cause each of its Subsidiaries to, comply in all material respects with all applicable laws (including, without limitation, all environmental laws), rules, regulations, orders, and decrees of a material nature of any Governmental Authority or arbitrator other than any such laws, rules, regulations, orders, and decrees contested by appropriate actions or proceedings diligently pursued, if adequate reserves in conformity with GAAP are established with respect thereto and except to the extent that non-compliance could not reasonably be expected to result in a Material Adverse Change.

6.6 ERISA. Each Loan Party will, and will cause each of its Subsidiaries to, comply with all minimum funding requirements and all other material requirements of ERISA, if applicable, so as not to give rise to any liability which could reasonably be expected to result in a Material Adverse Change.

6.7 Inventory; Returns. Keep all Inventory in good and marketable condition, free from material defects. Returns and allowances between any Loan Party, or any of its Subsidiaries, as applicable, and their respective Account Debtors shall follow such Loan Party's, or such Subsidiary's, customary practices as they exist as of the Effective Date.

6.8 Taxes; Pensions. Timely file and require each of its Subsidiaries to timely file, all required tax returns and reports and timely pay, and require each of its Subsidiaries to timely pay, all foreign, federal, state, and local taxes, assessments, deposits and contributions owed by any Loan

Party or its Subsidiaries, except as otherwise permitted pursuant to the terms of Section 5.8 hereof, and shall deliver to Citibank, on demand, appropriate certificates attesting to such payments, and pay all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with the terms of such plans.

6.9 Insurance. Keep each Loan Party's and its Subsidiaries' business and the Collateral insured for risks and in amounts standard for companies in such Loan Party's and its Subsidiaries' industry and location. Insurance policies shall be in a form and with companies, that are reasonably satisfactory to Citibank. All property policies of the Loan Parties shall have a lender's loss payable endorsement showing Citibank as lender loss payee and shall waive subrogation against Citibank, and all liability policies of the Loan Parties shall show, or have endorsements showing Citibank as additional insured. Citibank shall be named as lender loss payee and/or additional insured with respect to any such insurance providing coverage in respect of any Collateral, and each provider of any such insurance shall agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to Citibank, that it will give Citibank thirty (30) days prior written notice before any such policy or policies shall be canceled (unless cancellation is for non-payment in which case the insurer shall give Citibank no less than ten (10) days prior written notice). At Citibank's request, the Loan Parties shall deliver to Citibank certified copies of policies. If such proceeds constitute Collateral, proceeds payable under a policy shall, at Citibank's option, be payable to Citibank on account of the then-outstanding Obligations. Notwithstanding the foregoing, (a) so long as no Event of Default has occurred and is continuing, the Loan Parties shall have the option of applying the proceeds of any casualty policy covering Collateral within ninety (90) days of receipt thereof up to One Million Dollars ($1,000,000) with respect to any loss, but not exceeding Five Million Dollars ($5,000,000), in the aggregate for all losses under all casualty policies in any one year, toward the replacement or repair of destroyed or damaged property; provided that any such replaced or repaired property (i) shall be of equal or like value as the replaced or repaired Collateral and (ii) shall be deemed Collateral in which Citibank has been granted a first priority security interest, and (b) after the occurrence and during the continuance of an Event of Default, if such proceeds constitute Collateral, all proceeds payable under such casualty policy shall, at the option of Citibank, be payable to Citibank on account of the Obligations. If any Loan Party or any of its Subsidiaries fails to obtain insurance as required under this Section 6.9 or to pay any amount or furnish any required proof of payment to third persons, Citibank may make (but has no obligation to do so), at such Loan Party's expense, all or part of such payment or obtain such insurance policies required in this Section 6.9, and take any action under the policies Citibank deems prudent.

6.10 Operating Accounts.

(a) Subject to the grace period set forth in Section 3.4, maintain each Loan Party's Collateral Accounts at depositary institutions that have agreed to execute Control Agreements in favor of Citibank with respect to such Collateral Accounts. The provisions of the previous sentence shall not apply to (i) Deposit Accounts exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of any Loan Party's employees, (ii) Collateral Accounts which are maintained at Citibank, and (iii) Collateral Accounts of any Loan Party that do not contain an aggregate amount in excess of Five Million Dollars ($5,000,000) at any one time for a single Collateral Account and

Twenty Million Dollars ($20,000,000) at any one time for all such Collateral Accounts, in each case, identified to Citibank by the applicable Loan Party as such in the Disclosure Schedules, Perfection Certificates or other written notice pursuant to the terms of this Agreement.

(b) Each Loan Party shall provide Citibank ten (10) days' prior written notice before any Loan Party establishes any Collateral Account. Subject to the grace period set forth in Section 3.4, for each Collateral Account that any Loan Party, at any time maintains, such Loan Party shall cause the applicable bank or financial institution at or with which such Collateral Account is maintained to execute and deliver a Control Agreement or other appropriate instrument with respect to such Collateral Account to perfect the Citibank's Lien in such Collateral Account in accordance with the terms hereunder prior to the establishment of such Collateral Account. The provisions of the previous sentence shall not apply to (i) Deposit Accounts exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of any Loan Party's employees, (ii) Collateral Accounts which are maintained at Citibank, and (iii) Collateral Accounts of any Loan Party that do not contain an aggregate amount in excess of Five Million Dollars ($5,000,000) at any one time for a single Collateral Account and Twenty Million Dollars ($20,000,000) at any one time for all such Collateral Accounts, in each case, identified to Citibank by the applicable Loan Party as such in the Disclosure Schedules, Perfection Certificates or other written notice pursuant to the terms of this Agreement.

(c) Citibank shall be the primary depositary institution of the Loan Parties.

(d) Subject to the grace period set forth in Section 3.4, no Loan Party shall maintain any Collateral Accounts except Collateral Accounts maintained in accordance with this Section 6.10.

6.11 Protection of Intellectual Property Rights. Each Loan Party and each of its Subsidiaries shall: (a) use its best to protect, defend and maintain the validity and enforceability of its respective Intellectual Property that is material to its business; (b) promptly advise Citibank in writing of material infringement by a third party of its respective Intellectual Property; and (c) not allow any of its respective Intellectual Property material to its respective business to be abandoned, forfeited or dedicated to the public without Citibank's prior written consent.

6.12 Litigation Cooperation. Commencing on the Effective Date and continuing through the termination of this Agreement, make available to Citibank, without expense to Citibank, each Loan Party and each of such Loan Party's officers, employees and agents and Borrower's Books, to the extent that Citibank may reasonably deem them necessary to prosecute or defend any third-party suit or proceeding instituted by or against Citibank with respect to any Collateral or relating to the Loan Parties.

6.13 Landlord Waivers; Bailee Waivers. In the event that any Loan Party, after the Effective Date, intends to add any new offices or business locations, including warehouses, or otherwise store any portion of the Collateral with, or deliver any portion of the Collateral to, a bailee, in each case pursuant to Section 7.2, then, in the event that the Collateral at any new location is valued (based on book value) in excess of One Million Dollars ($1,000,000) in the aggregate, at Citibank's election, such bailee or landlord, as applicable, must execute and deliver a bailee waiver or landlord waiver, as applicable, in form and substance reasonably satisfactory to Citibank, prior to the addition of any new offices or business locations, or any such storage with or delivery to any such bailee, as the case may be.

6.14 Creation/Acquisition of Subsidiaries. In the event any Loan Party creates or acquires a direct Subsidiary after the Effective Date, such Loan Party shall notify Citibank of such creation or acquisition pursuant to Section 6.2(a), and such Loan Party shall take all actions reasonably requested by Citibank to achieve any of the following with respect to such "**New Subsidiary**" (defined as a direct Subsidiary formed after the date hereof during the term of this Agreement): (a) if such New Subsidiary is not a Foreign Subsidiary (and such New Subsidiary does not solely hold the equity interests of one or more Foreign Subsidiaries), to cause such New Subsidiary to become a Loan Party hereunder and (b) to grant and pledge to Citibank a perfected security interest in (i) 100% of the stock, units or other evidence of ownership held by such Loan Party of any such New Subsidiary that is not a Foreign Subsidiary (except if such New Subsidiary solely holds the equity interests of one or more Foreign Subsidiaries), or (ii) 65% of the stock, units or other evidence of ownership held by such Loan Party of any such New Subsidiary which is a Foreign Subsidiary or solely holds the equity interests of one or more Foreign Subsidiaries.

6.15 Further Assurances. Execute any further instruments and take further action as Citibank reasonably requests to perfect or continue Citibank's Lien in the Collateral or to effect the purposes of this Agreement.

7. NEGATIVE COVENANTS

Each Loan Party shall not, and shall not permit any of its Subsidiaries to, do any of the following without the prior written consent of Citibank:

7.1 Dispositions. Convey, sell, lease, transfer, assign, dispose of (collectively, "**Transfer**"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for Transfers (a) of Inventory in the ordinary course of business; (b) of worn-out or obsolete Equipment; (c) in connection with Permitted Liens, Permitted Investments and Permitted Licenses; (d) of cash or Cash Equivalents pursuant to a transaction not prohibited by this Agreement; (e) of Equipment or real property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Transfer are reasonably promptly applied to the purchase price of such replacement property; (f) of property in the form of an Investment permitted pursuant to clause (ix) of "Permitted Investments"; (g) of any Restructuring Intercompany Note or the forgiveness thereof (so long as no cash payment is made by a Loan Party in connection with such Transfer or forgiveness, other than ordinary course expenses and other similar costs and expenses); (h) of property from a Subsidiary that is not a Loan Party to a Loan Party; and (i) of property not otherwise permitted under this Section 7.1; provided that (i) at the time of such Transfer in reliance of clause (i), no Default shall exist or would result from such Transfer, (ii) the book value of any property Transferred in reliance on this clause (i) in any fiscal year shall not exceed Five Million Dollars ($5,000,000), (iii) such Transfer in reliance on this clause

(i) is for fair market value and (iv) not less than 50% of the purchase price for such asset Transferred in reliance on this clause (i) shall be paid to the Borrower or such Subsidiary in cash.

7.2 Changes in Business, Management, Ownership, or Business Locations. (a) Engage in or permit any of its Subsidiaries to engage in any business other than the businesses engaged in by such Loan Party or such Subsidiary, as applicable, as of the Effective Date or businesses reasonably related or incidental thereto; (b) other than the dissolution of Oceans TV Inc., permit any Subsidiary to liquidate or dissolve unless the remaining assets of such Subsidiary are transferred to a Loan Party; or (c) (i) permit any Key Person to cease being actively engaged in the management of Borrower unless written notice thereof is provided to Citibank within ten (10) days of such cessation (it being understood and agreed that notices provided under this clause (c)(i) shall be deemed to be given and delivered to Citibank if notice is given pursuant to Section 6.2(d)), or (ii) enter into any transaction or series of related transactions in which (A) the stockholders of the Borrower who were not stockholders immediately prior to the first such transaction own more than 35% of the voting stock of the Borrower immediately after giving effect to such transaction or related series of such transactions and (B) except as permitted by Section 7.3 or Section 7.8, the Borrower ceases to own, directly or indirectly, 100% of the ownership interests in each Subsidiary of the Borrower. Each Loan Party shall not, without at least thirty (30) days' prior written notice to Citibank, add any new offices or business locations, including warehouses (unless such new offices or business locations contain less than One Million Dollars ($1,000,000) in assets or property of any Loan Party). Each Loan Party shall not, and shall not permit any of its Subsidiaries to, without at least thirty (30) days prior written notice to Citibank: (A) change its jurisdiction of organization, (B) except as permitted by Section 7.3, change its organizational type, (C) change its legal name, or (D) change any organizational number(s) (if any) assigned by its respective jurisdiction of organization.

7.3 Mergers or Consolidations. Other than for Permitted Investments, merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person; provided that, so long as no Event of Default is occurring prior thereto or arises as a result therefrom, a Subsidiary may merge or consolidate into another Subsidiary (provided that in any merger or consolidation of a Loan Party, the surviving entity shall be a Loan Party) or with (or into) the Borrower (provided the Borrower is the surviving entity).

7.4 Indebtedness. Create, incur, assume, or be liable for any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness.

7.5 Encumbrance. Create, incur, allow, or suffer any Lien on any of its property, or, except as otherwise permitted under Section 7.1, assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, except for Permitted Liens, or permit any Collateral not to be subject to the first priority security interest granted herein (except for Permitted Liens), or enter into any agreement, document, instrument or other arrangement (except with or in favor of Citibank) with any Person which directly or indirectly prohibits or has the effect of prohibiting any Loan Party, or any of its Subsidiaries, from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of such Loan

Party's or such Subsidiary's Intellectual Property, except as is otherwise permitted in Section 7.1 hereof and the definition of "Permitted Liens".

7.6 Maintenance of Collateral Accounts. With respect to any Loan Party, maintain any Collateral Account except pursuant to the terms of Section 6.10 hereof.

7.7 Restricted Payments. (a) Declare or pay any dividends (other than dividends payable solely in capital stock) or make any other distribution or payment in respect of or redeem, retire or purchase any capital stock (other than (i) the declaration or payment of dividends to a Loan Party, (ii) so long as no Event of Default or event that with the passage of time would result in an Event of Default exists or would result therefrom, the declaration or payment of any dividends solely in the form of equity securities, (iii) with respect to the Borrower, repurchases pursuant to the terms of employee stock purchase plans, employee restricted stock agreements, stockholder rights plans, director or consultant stock option plans, or similar plans, provided such repurchases do not exceed One Million Dollars ($1,000,000) in the aggregate per calendar year and (iv) with respect to the Borrower, repurchases of stocks and warrants under any repurchase agreements or repurchase programs existing as of the Effective Date; provided that repurchases of stock or warrants do not exceed Twenty Five Million Dollars ($25,000,000)); (b) Purchase, redeem, defease or prepay any principal of, premium, if any, interest or other amount payable in respect of any Subordinated Debt other than pursuant to terms of the subordination agreement governing such Subordinated Debt; or (c) Be a party to or bound by an agreement (other than the Loan Documents) that restricts a Subsidiary from paying dividends or distributions to a Loan Party. Notwithstanding the foregoing, this Section 7.7 shall not in any manner prohibit or restrict (x) the Borrower from granting stock options, restricted stock, restricted stock units and other incentive awards (or from the redemption, retirement, purchase or cashless exercise of the same) to employees, officers, non-employee directors and consultants pursuant to an equity incentive plan adopted by the Borrower's board of directors or (y) Subsidiaries that are not Loan Parties from making payments to other Subsidiaries that are not Loan Parties on account of services rendered in the ordinary course of business.

7.8 Investments. Directly or indirectly make any Investment other than Permitted Investments, or permit any of its Subsidiaries to do so other than Permitted Investments.

7.9 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of any Loan Party or any of its Subsidiaries, except for (a) transactions that are in the ordinary course of such Loan Party's or such Subsidiary's business, upon fair and reasonable terms that are no less favorable to such Loan Party or such Subsidiary than would be obtained in an arm's length transaction with a non-affiliated Person, (b) Subordinated Debt or equity investments by the Borrower's investors in the Borrower or its Subsidiaries, (c) Permitted Investments and (d) transactions permitted under Section 7.7.

7.10 Subordinated Debt. (a) Make or permit any payment on any Subordinated Debt, except under the terms of the subordination, intercreditor, or other similar agreement to which such Subordinated Debt is subject, or (b) amend any provision in any document relating to the Subordinated Debt which would increase the amount thereof or adversely affect the subordination thereof to Obligations owed to Citibank.

7.11 Compliance. (a) Become an "investment company" or a company controlled by an "investment company", under the Investment Company Act of 1940, as amended, or undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System), or use the proceeds of any Loan for that purpose; (b) fail to comply with the Federal Fair Labor Standards Act or violate any other law or regulation, if the violation could reasonably be expected to have a Material Adverse Change; or (c) withdraw or permit any Subsidiary to withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any present pension, profit sharing and deferred compensation plan which could reasonably be expected to result in any material liability of any Loan Party or any of its Subsidiaries, including any material liability to the Pension Benefit Guaranty Corporation or its successors or any other Governmental Authority.

7.12 Compliance with Anti-Terrorism Laws. No Loan Party nor any of its Subsidiaries shall, nor shall any Loan Party or any of its Subsidiaries permit any Affiliate to, directly or indirectly, knowingly enter into any documents, instruments, agreements or contracts with any Person listed on the OFAC Lists. No Loan Party nor any of its Subsidiaries shall, nor shall any Loan Party or any of its Subsidiaries, permit any Affiliate to, directly or indirectly, (a) conduct any business or engage in any transaction or dealing with any Blocked Person, including, without limitation, the making or receiving of any contribution of funds, goods or services to or for the benefit of any Blocked Person, (b) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224 or any similar executive order or other Anti-Terrorism Law, or (c) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or other Anti-Terrorism Law.

7.13 Sale and Leaseback. No Loan Party shall, nor shall any Loan Party permit any of its Subsidiaries to, enter into any arrangement with any Person pursuant to which it leases from such Person real or personal Property that has been or is to be sold or transferred, directly or indirectly, by it to such Person other than any such arrangements entered into in the exercise of prudent business judgment which involve sales prices not exceeding One Million Dollars ($1,000,000) in the aggregate per calendar year.

7.14 Fiscal Year. No Loan Party shall permit the Fiscal Year of such Loan Party and its Subsidiaries to end on any other day than December 31 of each calendar year.

7.15 Capital Expenditures. No Loan Party shall make, commit or agree to make, or permit any of its Subsidiaries to make, commit or agree to make, any Capital Expenditure (by purchase or capitalized lease) that would cause the aggregate amount of all Capital Expenditures made by the Loan Parties and their Subsidiaries in any calendar year to exceed Fifteen Million Dollars ($15,000,000).

7.16 Financial Covenants.

(a) Minimum Liquidity. At the end of each fiscal quarter, the Borrower shall not permit the Liquidity of the Borrower to be less than 1.5x times the then-outstanding amounts of Revolving Loans.

(b) Minimum Quick Ratio. At the end of each fiscal quarter, the Borrower shall not permit the Quick Ratio of the Borrower and its Subsidiaries, on a consolidated basis, to be less than 1.25:1.00.

(c) Minimum Adjusted EBITDA. At the end of each fiscal quarter, the Borrower shall not permit Adjusted EBITDA for the four fiscal quarters then ending to be less than $10,000,000.

8. EVENTS OF DEFAULT

Any one of the following shall constitute an event of default (an " **Event of Default**") under this Agreement:

8.1 Payment Default. The Borrower fails to (a) make any payment of principal or interest on any Loan on its due date, or (b) pay any other Obligation within three (3) Business Days after such Obligations are due and payable (which three (3) Business Day grace period shall not apply to payments due on the Maturity Date or the date or acceleration pursuant to Section 9.1(a) hereof);

8.2 Covenant Default.

(a) Any Loan Party fails or neglects to perform any obligation in Sections 6.2 (Financial Statements, Reports, Certificates), 6.8 (Taxes), 6.9 (Insurance), 6.10 (Operating Accounts), 6.11 (Protection of Intellectual Property Rights), 6.14 (Creation/Acquisition of Subsidiaries) or any Loan Party violates any provision in Section 7; or

(b) Any Loan Party, or any of its Subsidiaries, fails or neglects to perform, keep, or observe any other term, provision, condition, covenant or agreement contained in this Agreement or any other Loan Document to which such person is a party, and as to any default (other than those specified in this Section 8) under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure the default within thirty (30) days after the occurrence thereof; provided, however, that if the default cannot by its nature be cured within the thirty (30) day period or cannot after diligent attempts by such Loan Party or such Subsidiary, as applicable, be cured within such thirty (30) day period, and such default is likely to be cured within a reasonable time, then such Loan Party shall have an additional period (which shall not in any case exceed an additional thirty (30) days) to attempt to cure such default, and within such reasonable time period the failure to cure the default shall not be deemed an Event of Default (but no Term Loans shall be made during such cure period).

8.3 Attachment; Levy; Restraint on Business. Any material portion of any Loan Party's or any of its Subsidiaries' assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or any court order enjoins, restrains, or prevents any Loan Party or any of its Subsidiaries from conducting any material part of its business;

8.4 Insolvency. (a) Any Loan Party or any of its Subsidiaries is or becomes Insolvent; (b) any Loan Party or any of its Subsidiaries begins an Insolvency Proceeding; or (c) an Insolvency Proceeding is begun against any Loan Party or any of its Subsidiaries and not dismissed or stayed within forty-five (45) days (but no Loans shall be extended while any Loan Party or any Subsidiary is Insolvent and/or until any Insolvency Proceeding is dismissed);

8.5 Other Agreements. There is a default in any agreement to which any Loan Party or any of its Subsidiaries is a party with a third party or parties resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount in excess of Five Million Dollars ($5,000,000) or that could reasonably be expected to have a Material Adverse Change;

8.6 Judgments. One or more judgments, orders, or decrees for the payment of money in an amount, individually or in the aggregate, of at least Five Million Dollars ($5,000,000) (not covered by independent third-party insurance as to which (a) Borrower reasonably believes such insurance carrier will accept liability, (b) the applicable Loan Party or the applicable Subsidiary has submitted such claim to such insurance carrier and (c) liability has not been rejected by such insurance carrier) shall be rendered against such Loan Party or any of its Subsidiaries and shall remain unsatisfied, unvacated, or unstayed for a period of thirty (30) days after the entry thereof;

8.7 Misrepresentations. Any Loan Party or any of its Subsidiaries or any Person acting for such Loan Party or any of its Subsidiaries makes any representation, warranty, or other statement now or later in this Agreement, any Loan Document or in any writing delivered to Citibank or to induce Citibank to enter this Agreement or any Loan Document, and such representation, warranty, or other statement, when taken as a whole, is incorrect in any material respect when made;

8.8 Subordinated Debt. A default or breach occurs under any subordination agreement, or any creditor that has signed such an agreement with Citibank breaches any terms of such agreement;

8.9 Loan Documents. Any material provision of any Loan Document shall at any time for any reason (other than pursuant to the express terms thereof) cease to be valid and binding on or enforceable against any Loan Party intended to be a party thereto, or the validity or enforceability thereof shall be contested by any party thereto, or a proceeding shall be commenced by any Loan Party or any Governmental Authority having jurisdiction over any of them, seeking to establish the invalidity or unenforceability thereof, or any Loan Party shall deny in writing that it has any liability or obligation purported to be created under any Loan Document.

8.10 Governmental Approvals. Any Governmental Approval shall have been revoked, rescinded, suspended, modified in an adverse manner, or not renewed in the ordinary course for a full term *and* such revocation, rescission, suspension, modification or non-renewal has resulted in or could reasonably be expected to result in a Material Adverse Change.

8.11 Lien Priority. Except as the result of the action or inaction of Citibank, any Lien created hereunder or by any other Loan Document shall at any time fail to constitute a valid and perfected Lien on any of the Collateral purported to be secured thereby, subject to no prior or equal Lien, other than Permitted Liens.

9. RIGHTS AND REMEDIES

9.1 Rights and Remedies.

(a) Upon the occurrence and during the continuance of an Event of Default, Citibank, without notice or demand, may do any or all of the following: (i) deliver notice of the Event of Default to the Borrower, (ii) by notice to the Borrower declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.4 occurs all Obligations shall be immediately due and payable without any action by Citibank) or (iii) by notice to the Borrower suspend or terminate the obligations of Citibank to advance money or extend credit for the Borrower's benefit under this Agreement or under any other agreement between the Borrower and Citibank (but if an Event of Default described in Section 8.4 occurs all obligations, if any, of Citibank to advance money or extend credit for Borrower's benefit under this Agreement or under any other agreement between the Borrower and Citibank shall be immediately terminated without any action by Citibank).

(b) Without limiting the rights of Citibank set forth in Section 9.1(a) above, upon the occurrence and during the continuance of an Event of Default, Citibank shall have the right, without notice or demand, to do any or all of the following:

(i) foreclose upon and/or sell or otherwise liquidate, the Collateral;

(ii) make a demand for payment upon any Guarantor pursuant to the Guaranty delivered by such Guarantor;

(iii) apply to the Obligations any (A) balances and deposits of the Loan Parties that Citibank holds or controls, (B) amount held or controlled by Citibank owing to or for the credit or the account of the Loan Parties, or (C) amounts received from any Guarantors in accordance with the respective Guaranty delivered by such Guarantor; and/or

(iv) commence and prosecute an Insolvency Proceeding or consent to any Loan Party commencing any Insolvency Proceeding.

(c) Without limiting the rights of Citibank set forth in Sections 9.1(a) and (b) above, upon the occurrence and during the continuance of an Event of Default, Citibank shall have the right, without notice or demand, to do any or all of the following:

(i) settle or adjust disputes and claims directly with Account Debtors for amounts on terms and in any order that Citibank considers advisable, notify any Person owing any

Loan Party money of Citibank's security interest in such funds, and verify the amount of such account;

(ii) make any payments and do any acts it considers necessary or reasonable to protect the Collateral and/or its Liens in the Collateral. Each Loan Party shall assemble the Collateral if Citibank requests and make it available at such location as Citibank reasonably designates. Citibank may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest and pay all expenses incurred. Each Loan Party grants Citibank a license to enter and occupy any of its premises, without charge, to exercise any of Citibank's rights or remedies;

(iii) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, and/or advertise for sale, any of the Collateral. Citibank is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, each Loan Party's and each of its Subsidiaries' labels, patents, copyrights, mask works, rights of use of any name, trade secrets, trade names, trademarks, service marks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Citibank's exercise of its rights under this Section 9.1, each Loan Party's and each of its Subsidiaries' rights under all licenses and all franchise agreements inure to Citibank;

(iv) place a "hold" on any Collateral Account maintained with Citibank in respect of which a Control Agreement has been delivered in favor of Citibank and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any Control Agreement or similar agreements providing control of any Collateral;

(v) demand and receive possession of Borrower's Books;

(vi) appoint a receiver to seize, manage and realize any of the Collateral, and such receiver shall have any right and authority as any competent court will grant or authorize in accordance with any applicable law, including any power or authority to manage the business of any Loan Party or any of its Subsidiaries; and

(vii) subject to clauses 9.1(a) and (b), exercise all rights and remedies available to Citibank under the Loan Documents or at law or equity, including all remedies provided under the Code (including disposal of the Collateral pursuant to the terms thereof).

9.2 Power of Attorney. Each Loan Party hereby irrevocably appoints Citibank as its lawful attorney-in-fact, exercisable upon the occurrence and during the continuance of an Event of Default, to: (a) endorse any Loan Party's name on any checks or other forms of payment or security; (b) sign any Loan Party's name on any invoice or bill of lading for any Account or drafts against Account Debtors; (c) settle and adjust disputes and claims about the Accounts of such Loan Party directly with the applicable Account Debtors, for amounts and on terms Citibank determines are reasonable; (d) make, settle, and adjust all claims under such Loan Party's insurance policies; (e) pay, contest or settle any Lien, charge, encumbrance, security interest, and adverse claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (f) transfer the Collateral into the name of Citibank or a third party as the Code or any applicable law permits. Each Loan Party hereby appoints Citibank as its lawful attorney-in-fact to sign such Loan Party's name on any documents necessary to perfect or continue the perfection of Citibank's security interest in the Collateral regardless of whether an Event of Default has occurred until all Obligations (other than inchoate indemnity obligations) have been satisfied in full and the Commitments have been terminated. Citibank's foregoing appointment as any Loan Party's attorney in fact, and all of its rights and powers, coupled with an interest, are irrevocable until all Obligations (other than inchoate indemnity obligations) have been fully repaid and performed and the Commitments have been terminated.

9.3 Protective Payments. If any Loan Party or any of its Subsidiaries fail to obtain the insurance called for by Section 6.9 or fails to pay any premium thereon or fails to pay any other amount which any Loan Party or any of its Subsidiaries is obligated to pay under this Agreement or any other Loan Document, Citibank may obtain such insurance or make such payment, and all amounts so paid by Citibank are Bank's Expenses and immediately due and payable, bearing interest at the Default Rate, and secured by the Collateral. Citibank will make reasonable efforts to provide the Loan Parties with notice of Citibank obtaining such insurance or making such payment at the time it is obtained or paid or within a reasonable time thereafter. No such payments by Citibank are deemed an agreement to make similar payments in the future or Citibank's waiver of any Event of Default.

9.4 Application of Payments and Proceeds. Notwithstanding anything to the contrary contained in this Agreement, upon the occurrence and during the continuance of an Event of Default, (a) each Loan Party irrevocably waives the right to direct the application of any and all payments at any time or times thereafter received by Citibank from or on behalf of any Loan Party or any of its Subsidiaries of all or any part of the Obligations, and, as between such Loan Party on the one hand and Citibank on the other, Citibank shall have the continuing and exclusive right to apply and to reapply any and all payments received against the Obligations in such manner as it may deem advisable notwithstanding any previous application by it, and (b) the proceeds of any sale of, or other realization upon all or any part of the Collateral shall be applied: first, to the Bank's Expenses; second, to accrued and unpaid interest on the Obligations (including any interest which, but for the provisions of the United States Bankruptcy Code, would have accrued on such amounts); and third, to the principal amount of the Obligations outstanding; and fourth, to any other Obligations owing to Citibank under the Loan Documents. Any balance remaining shall be delivered to the applicable Loan Party or to whoever may be lawfully entitled to receive such balance or as a court of competent jurisdiction may direct. In carrying out the foregoing, (x) amounts received shall be applied in the numerical order provided until exhausted prior to the application to the next succeeding category, and (y) each of the Persons entitled to receive a payment in any particular category shall receive an amount equal to its pro rata share of amounts available to be applied pursuant thereto for such category.

9.5 Liability for Collateral. So long as Citibank complies with reasonable banking practices regarding the safekeeping of the Collateral in its possession or under its control, Citibank shall not be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other Person. The Loan Parties bear all risk of loss, damage or destruction of the Collateral, other than any loss, damage or destruction of Collateral resulting from the gross negligence or willful misconduct of Citibank.

9.6 No Waiver; Remedies Cumulative. The failure by Citibank, at any time or times, to require strict performance by any Loan Party of any provision of this Agreement or by any Loan Party of any other Loan Document shall not waive, affect, or diminish any right of Citibank thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by Citibank and then is only effective for the specific instance and purpose for which it is given. The rights and remedies of Citibank under this Agreement and the other Loan Documents are cumulative. Citibank has all rights and remedies provided under the Code, any applicable law, by law, or in equity. The exercise by Citibank of one right or remedy is not an election, and Citibank's waiver of any Event of Default is not a continuing waiver. Citibank's delay in exercising any remedy is not a waiver, election, or acquiescence.

9.7 Demand Waiver. Each Loan Party waives, to the fullest extent permitted by law, demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Citibank on which any Loan Party or any Subsidiary is liable.

10. NOTICES

Other than as specifically provided herein, all notices, consents, requests, approvals, demands, or other communication by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by facsimile transmission; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below. Any of Citibank, Borrower or other Loan Party may change its mailing address or facsimile number by giving the other parties written notice thereof in accordance with the terms of this Section 10.

If to a Loan Party:	Global Eagle Entertainment Inc. 4353 Park Terrace Drive Westlake Village, CA 91361 Attn: Michael Zemetra Email: mzemetra@globaleagleent.com and Global Eagle Entertainment Inc. 4553 Glencoe Avenue Marina Del Rey, CA 90292 Attn: Jay Itzkowitz Email: jitzkowitz@globaleagleent.com
with a copy (which shall not constitute notice) to:	Sheppard Mullin Richter & Hampton LLP 333 South Hope Street, 43rd Floor Los Angeles, CA 90071-1422 Attn: David Sands Fax: (213) 443-2743 Email: dsands@sheppardmullin.com
If to Citibank:	Citibank, N.A. 1001 Page Mill Road Building 4, Floor 2 Palo Alto, CA 94304 Attn: Sigrid M. Nubla Email: sigrid.m.nubla@citi.com
with a copy (which shall not constitute notice) to:	Latham & Watkins LLP 505 Montgomery Street Suite 2000 San Francisco, CA 94111-6538 Attn: Haim Zaltzman, Esq. Fax: (415) 395-8095 Email: haim.zaltzman@lw.com

11. CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER

11.1 Waiver of Jury Trial. EACH PARTY TO THIS AGREEMENT UNCONDITIONALLY WAIVES ANY AND ALL RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, ANY OF THE OTHER LOAN DOCUMENTS, ANY OF THE INDEBTEDNESS SECURED HEREBY, ANY DEALINGS AMONG LOAN PARTIES AND CITIBANK RELATING TO THE SUBJECT MATTER OF THIS TRANSACTION OR ANY RELATED TRANSACTIONS, AND/OR THE RELATIONSHIP THAT IS BEING ESTABLISHED AMONG LOAN PARTIES AND CITIBANK. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT. THIS WAIVER IS IRREVOCABLE.

THIS WAIVER MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING. THE WAIVER ALSO SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENTS, OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THIS TRANSACTION OR ANY RELATED TRANSACTION. THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT. **Governing Law and Jurisdiction.** THIS AGREEMENT, THE OTHER LOAN DOCUMENTS (EXCLUDING THOSE LOAN DOCUMENTS THAT BY THEIR OWN TERMS ARE EXPRESSLY GOVERNED BY THE LAWS OF ANOTHER JURISDICTION) AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES OF SUCH STATE), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, REGARDLESS OF THE LOCATION OF THE COLLATERAL, PROVIDED, HOWEVER, THAT IF THE LAWS OF ANY JURISDICTION OTHER THAN NEW YORK SHALL GOVERN IN REGARD TO THE VALIDITY, PERFECTION OR EFFECT OF PERFECTION OF ANY LIEN OR IN REGARD TO PROCEDURAL MATTERS AFFECTING ENFORCEMENT OF ANY LIENS IN COLLATERAL, SUCH LAWS OF SUCH OTHER JURISDICTIONS SHALL CONTINUE TO APPLY TO THAT EXTENT.

11.2 Service of Process. Each Loan Party irrevocably waives personal service of any and all legal process, summons, notices and other documents and other service of process of any kind and consents to such service in any suit, action or proceeding brought in the United States of America with respect to or otherwise arising out of or in connection with any Loan Document by any means permitted by applicable requirements of law, including by the mailing thereof (by registered or certified mail, postage prepaid) to the address of such Loan Party specified herein (and shall be effective when such mailing shall be effective, as provided therein). Each Loan Party agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

11.3 Non-exclusive Jurisdiction. Nothing contained in this Article 11 shall affect the right of Citibank to serve process in any other manner permitted by applicable requirements of law or commence legal proceedings or otherwise proceed against the Loan Parties in any other jurisdiction.

12. GENERAL PROVISIONS

12.1 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. No Loan Party may transfer, pledge or assign this Agreement or any rights or obligations under it without Citibank's prior written consent (which may be granted or withheld in Citibank's discretion, subject to Section 12.5). Citibank has the right, without the consent of or notice to the Loan Parties, to sell, transfer, assign, pledge, negotiate, or grant participation in (any such sale, transfer, assignment, negotiation, or grant of a participation, a **"Lender Transfer")** all or any part of, or any interest in, its obligations, rights, and benefits under this Agreement and the other Loan Documents.

12.2 Indemnification. Each Loan Party agrees to indemnify, defend and hold Citibank and its Related Persons (each, an "**Indemnified Person**") harmless against: (a) all losses, liabilities, claims, damages or expenses (collectively, "**Claims**") asserted by any other party in connection with; related to; following; or arising from, out of or under, the transactions contemplated by the Loan Documents; and (b) all losses and Bank's Expenses incurred, or paid by Indemnified Person in connection with; related to; following; or arising from, out of or under, the transactions contemplated by the Loan Documents (including reasonable attorneys' fees and expenses), except, in each case, for Claims and/or losses directly caused by such Indemnified Person's gross negligence or willful misconduct. Each Loan Party hereby further agrees to indemnify, defend and hold each Indemnified Person harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the fees and disbursements of counsel for such Indemnified Person) in connection with any investigative, response, remedial, administrative or judicial matter or proceeding, whether or not such Indemnified Person shall be designated a party thereto and including any such proceeding initiated by or on behalf of such Loan Party, and the reasonable expenses of investigation by engineers, environmental consultants and similar technical personnel and any commission, fee or compensation claimed by any broker (other than any broker retained by Citibank) asserting any right to payment for the transactions contemplated hereby which may be imposed on, incurred by or asserted against such Indemnified Person as a result of or in connection with the transactions contemplated hereby and the use or intended use of the proceeds of the loan proceeds except for liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements directly caused by such Indemnified Person's gross negligence or willful misconduct. Notwithstanding the foregoing, if not direct conflict of interest is apparent in connection with the defense of any Claim, Citibank shall first take commercially reasonable efforts to use the same counsel as the Loan Parties, or, if a conflict does exist, use only one counsel among all Indemnified Persons with respect to the defense of any Claim.

12.3 Severability of Provisions. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

12.4 Correction of Loan Documents. Citibank may correct patent errors and fill in any blanks in this Agreement and the other Loan Documents consistent with the agreement of the parties**.**

12.5 Amendments in Writing; Integration. (1) No amendment, modification, termination or waiver of any provision of this Agreement or any other Loan Document, no approval or consent thereunder, or any consent to any departure by any Loan Party or any of its Subsidiaries therefrom, shall in any event be effective unless the same shall be in writing and signed by the Loan Parties and Citibank.

(b) This Agreement and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements with respect to such subject matter. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Agreement and the Loan Documents merge into this Agreement and the Loan Documents.

12.6 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement.

12.7 Survival. All covenants, representations and warranties made in this Agreement continue in full force and effect until this Agreement has terminated pursuant to its terms, all Commitments have terminated and all Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) have been satisfied. The obligation of the Loan Parties in Section 12.2 to indemnify Citibank, as well as the confidentiality provisions in Section 12.8 below, shall survive until the statute of limitations with respect to such claim or cause of action shall have run.

12.8 Confidentiality. In handling any confidential information of the Loan Parties, Citibank shall exercise the same degree of care that it exercises for its own proprietary information, but disclosure of information may be made: (a) subject to the terms and conditions of this Agreement, to Citibank's Subsidiaries or Affiliates, or in connection with Citibank's own financing or securitization transactions; (b) to prospective transferees (other than those identified in (a) above) or purchasers of any interest in the Loans and/or Commitments (provided, however, Citibank shall obtain such prospective transferee's or purchaser's agreement to the terms of this provision or to similar confidentiality terms); (c) as required by law, regulation, subpoena, or other order; (d) to Citibank's regulators or as otherwise required in connection with an examination or audit; (e) as Citibank reasonably considers appropriate in exercising remedies under the Loan Documents; and (f) to third party service providers of Citibank so long as such service providers have executed a confidentiality agreement or have agreed to similar confidentiality terms with Citibank, with terms no less restrictive than those contained herein. Confidential information does not include information that either: (i) is in the public domain or in Citibank's possession when disclosed to Citibank, or becomes part of the public domain after disclosure to Citibank through no fault of Citibank; or (ii) is disclosed to Citibank by a third party, if Citibank does not know that the third party is prohibited from disclosing the information. Citibank may use confidential information for any purpose, including, without limitation, for the development of client databases, reporting purposes, and market analysis. The provisions of the immediately preceding sentence shall survive the termination of this Agreement. The agreements provided under this Section 12.8 supersede all prior agreements, understanding, representations, warranties, and negotiations between the parties about the subject matter of this Section 12.8.

12.9 Right of Set Off. Each Loan Party hereby grants to Citibank, a Lien, security interest and right of set off as security for all Obligations hereunder, whether now existing or hereafter arising upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Citibank or any Affiliate or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Citibank may set off the same or any part thereof and apply the same to any liability or obligation of any Loan Party even though unmatured and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE CITIBANK TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF

WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF ANY LOAN PARTY ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED BY SUCH LOAN PARTY.

12.10 Cooperation of Loan Parties. If necessary, each Loan Party agrees to (i) execute any documents reasonably required to effectuate and acknowledge each assignment of a Revolving Commitment (or portion thereof) or Loan (or portion thereof) to an assignee in accordance with Section 12.1. Subject to the provisions of Section 12.8, each Loan Party authorizes Citibank to disclose to any prospective participant or assignee of a Loan or Revolving Commitment (or portions thereof), any and all information in Citibank's possession concerning the Loan Parties and its financial affairs which has been delivered to Citibank by or on behalf of the Loan Parties pursuant to this Agreement, or which has been delivered to Citibank by or on behalf of the Loan Parties in connection with Citibank's credit evaluation of the Loan Parties prior to entering into this Agreement.

12.11 Public Announcement. Each Loan Party hereby agrees that Citibank may make a public announcement of the transactions contemplated by this Agreement, and may publicize the same in marketing materials, newspapers and other publications, and otherwise, and in connection therewith may use such Loan Party's name, trade names and logos; provided that the form, substance and timing of such announcement is approved by the Borrower (such approval not to be unreasonably withheld, delayed or conditioned).

12.12 Time of Essence. Time is of the essence for the performance of Obligations under this Agreement.

12.13 Termination Prior to Maturity Date; Survival . All covenants, representations and warranties made in this Agreement continue in full force until this Agreement has terminated pursuant to its terms (including Section 4.1 hereof), all Obligations have been satisfied (other than inchoate indemnity obligations and other unasserted obligations which, by their terms, are to survive termination of this Agreement) and all Commitments have been terminated. So long as the Loan Parties satisfied the Obligations (other than inchoate indemnity obligations and other unasserted obligations which, by their terms, are to survive termination of this Agreement), this Agreement, the other Loan Documents and the Commitments hereunder may be terminated prior to the Maturity Date by Borrower, effective five (5) Business Days after written notice of termination is given to Citibank.

[*Balance of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

GLOBAL EAGLE ENTERTAINMENT INC.

By /s/ Mike Zemetra
Name: Mike Zemetra
Title: Chief Financial Officer

AIRLINE MEDIA PRODUCTIONS, INC.
POST MODERN EDIT, INC.
ROW 44, INC.

By /s/ Mike Zemetra
Name: Mike Zemetra
Title: Chief Financial Officer

N44HQ, LLC

By /s/ Jay Itzkowitz
Name: Jay Itzkowitz
Title: Senior Vice President and General Counsel

CITIBANK, N.A.

By: /s/ Singrid Nubla
Name: Singrid Nubla
Title: Senior Vice President

[*Signature Page to Loan and Security Agreement*]

SCHEDULE 1

Guarantors

1. AIRLINE MEDIA PRODUCTIONS, INC.
2. POST MODERN EDIT, INC.
3. ROW 44, INC.
4. N44HQ, LLC

EXHIBIT A

Description of Collateral

The Collateral consists of all of each Loan Party's right, title and interest in and to the following property:

All goods, Accounts, Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles (including without limitation, Intellectual Property), commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts and other Collateral Accounts, all certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and

All Borrower's Books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, the Collateral does not include (a) more than 65% of the presently existing and hereafter arising issued and outstanding shares of capital stock owned by any Loan Party of any Foreign Subsidiary which shares entitle the holder thereof to vote for directors or any other matter, (b) any right held under a license that is not assignable by its terms without the consent of the licensor thereof (but only to the extent such restriction on assignment is effective under Section 9-406, 9-407, 9-408 or 9-409 of the Code (or any successor provisions thereof) of any relevant jurisdiction or any other applicable law (including the Bankruptcy Code) or principles of equity), (c) any lease, license, contract, or agreement in respect of personal property to which any Loan Party is a party, and any of its rights or interest thereunder, if and to the extent that the grant of a security interest is prohibited by or in violation of (i) any law, rule or regulation applicable to such Loan Party or (ii) a term, provision or condition (including any requirement to obtain the consent of any Governmental Authority or third party) of any such lease, license, contract or agreement (unless such law, rule, regulation, term, provision or condition would be rendered ineffective with respect to the creation of the security interest hereunder pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) or any other applicable law (including the Bankruptcy Code) or principles of equity); provided however, that the Collateral shall include (and such security interest shall attach) immediately at such time as the contractual or legal prohibition shall no longer be applicable and to the extent severable, shall attach immediately to any portion of such lease, license, contract or agreement not subject to the prohibitions specified in subclause (c)(i) or (ii) above, provided, further, that the exclusions referred to in clause (c) above shall not include any proceeds of any such lease, license, contract or agreement, (d) any intent-to-use trademark application prior to the filing of a "Statement of Use" or "Amendment to Allege Use" with respect thereto, to the extent, if any, that, and solely during the period, if any, in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark application under applicable federal law or (e) the 155,726 shares of Allegiant Systems, Inc., a Nevada corporation, owned by the Borrower.

Exhibit 10.37

CONSENT

This Consent, dated as of February 6, 2015 (this " Consent"), is among Citibank, N.A. ("Citibank"), Global Eagle Entertainment Inc., a Delaware corporation ("Borrower"), and the Guarantors party hereto (collectively, the "Guarantors", and together with the Borrower, each a " Loan Party" and collectively, the "Loan Parties").

WHEREAS, the parties hereto are parties to that certain Loan and Security Agreement, dated as of December 22, 2014 (as the same may be amended, restated, modified, or supplemented from time to time, the "Loan Agreement") among Citibank and the Loan Parties. Capitalized terms not otherwise defined herein shall have the meanings provided in the Loan Agreement; and

WHEREAS, the Borrower has informed Citibank that it intends to issue up to $75,000,000 in aggregate principal amount of senior unsecured convertible notes (or $82,500,000 if the initial purchasers' option to purchase additional notes is exercised in full) having terms substantially similar to those contemplated in the Term Sheet attached hereto as Exhibit A (the "Convertible Notes") and hereby requests that Citibank consent to the incurrence of Indebtedness by Borrower pursuant to the Convertible Notes.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto hereby agree as follows:

1. Consent. Notwithstanding Section 7.4 of the Loan Agreement, Citibank hereby (a) consents to the incurrence of the Convertible Notes on terms substantially similar to those described on Exhibit A attached hereto, and (b) agrees that such incurrence, and complying with the terms thereof (provided that, for the avoidance of doubt, such compliance shall be in strict accordance with the terms of the Loan Agreement, as amended by this Consent), shall not constitute an Event of Default.

2. Conditions Precedent. The effectiveness of this Consent is subject to the satisfaction of each of the following conditions precedent:

(a) Citibank shall have received a copy of this Consent, duly executed by the Borrower, each other Loan Party, and Citibank;

(b) all documented Bank's Expenses shall have been paid in full; and

(d) each of the representations and warranties contained in Section 3 hereof shall be true and correct on and as of the date hereof.

3. Representations and Warranties. Each Loan Party represents and warrants to Citibank that, as of the date hereof and after giving effect to this Consent:

(a) the execution, delivery and performance by each Loan Party of this Consent have been duly authorized, and do not (i) conflict with such Loan Party's organizational documents, including its respective Operating Documents, (ii) contravene, conflict with, constitute a default under or violate any material Requirement of Law applicable thereto, (iii) contravene, conflict or violate any applicable order, writ judgment, injunction, decree, determination or award of any Governmental Authority by which such Loan Party, or any of their property or assets may be bound or affected, (iv) require any action by, filing, registration, or qualification with, or Governmental Approval from, any Governmental Authority (except such actions, filings, registrations, qualifications or Governmental Approvals which have already been obtained and are in full force and effect) or are being obtained pursuant to Section 6.1(b) of the Loan Agreement, or (v) constitute an event of default under any Material Agreement by which any Loan Party or any of their respective properties, is bound;

(b) all representations and warranties of the Loan Parties stated in the Loan Documents are true and correct in all material respects on this date; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date; and

(c) no Event of Default has occurred and is continuing.

4. Effect of Consent. This Consent relates only to the specific matters covered herein, shall not be considered to be a waiver of any rights that Citibank may have under the Loan Agreement (other than as expressly set forth herein), and shall not be considered to create a course of dealing or to otherwise obligate Citibank to execute similar agreements under the same or similar circumstances in the future.

5. Costs and Expenses. The Loan Parties shall pay on demand all reasonable out-of-pocket costs and expenses of Citibank (including the reasonable fees, costs and expenses of counsel to Citibank) incurred in connection with the preparation, execution and delivery of this Consent or as otherwise owed under the Loan Agreement.

6. Counterparts. This Consent may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Consent. Delivery of an executed signature page to this Consent by facsimile (or other electronic) transmission shall be as effective as delivery of a manually signed counterpart of this Consent.

7. Successors and Assigns. This Consent binds and is for the benefit of the successors and permitted assigns of each party hereto. No Loan Party may transfer, pledge or assign this Consent or any rights or obligations under it without Citibank's prior written consent (which may be granted or withheld in Citibank's discretion, subject to Section 12.5 of the Loan Agreement).

8. THIS CONSENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES OF SUCH STATE).

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date and year first above written.

CITIBANK, N.A.

By: /s/ Michael Bondy
Michael Bondy
Senior Vice President

GLOBAL EAGLE ENTERTAINMENT INC.

By: /s/ Mike Zemetra
Name: Mike Zemetra
Title: Chief Financial Officer and Treasurer

AIRLINE MEDIA PRODUCTIONS, INC.
POST MODERN EDIT, INC.
ROW 44, INC.

By: /s/ Mike Zemetra
Name: Mike Zemetra
Title: Chief Financial Officer and Treasurer

N44HQ, LLC

By: /s/ Jay Itzkowitz

Name: Jay Itzkowitz
Title: Manager

Exhibit A

Convertible Notes Term Sheet

(Please see attached)

Exhibit 10.38

CONFIDENTIAL TREATMENT REQUESTED FOR PORTIONS OF THIS DOCUMENT. PORTIONS FOR WHICH CONFIDENTIAL TREATMENT IS REQUESTED HAVE BEEN MARKED WITH THREE ASTERISKS [***] AND A FOOTNOTE INDICATING "CONFIDENTIAL TREATMENT REQUESTED". MATERIAL OMITTED HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

FRAMEWORK AGREEMENT

PARTIES

GLOBAL EAGLE ENTERTAINMENT INC. ("Customer"), a Delaware corporation with offices located at 4353 Park Terrace Drive, Suite 100, Westlake Village, CA 91361, and

NEW SKIES SATELLITES B.V. ("SES"), a company with offices located at Rooseveltplantsoen 4, 2517 KR, The Hague, The Netherlands

(Customer and SES, each a "Party" and collectively the "Parties").

WHEREAS

The Parties are in discussions to enter into a Master Services Agreement ("MSA"), a service order*** for space segment capacity on *** and a service order *** for space segment capacity on ***; and

The Parties wish to set out the terms and conditions for a commercial framework of the provision of the space segment capacity (hereafter referred to as "Capacity"), to be implemented in the MSA, the *** and the *** to be signed by the Parties on the same date hereof or no later than 30 October 2014, as well as other service orders ("SO(s)") as may be identified by the Parties.

NOW THEREFORE, it is hereby agreed as follows:

1. TERM

The term of this Framework Agreement will commence as of the last signature date set forth below and end on the *** (the "Term"), subject to the terms and conditions set forth herein. ***

2. PRE PAYMENT AND SECURITY

***

3. SERVICE COMMITMENTS

(a) Agreements. The Parties hereby agree that they shall enter into the following agreements:

***

*** the provision of all Capacity and related facilities is subject to the execution of a SO or amendments or renewals thereto by the Parties and the procedures for acquiring Capacity as described in this Framework Agreement.

*** Confidential treatment requested.

(b) Service Forecasting and Ordering Procedures.

(i) Capture Team. Within five (5) Days of the execution of this Framework Agreement, each Party shall designate a commercial contact, a technical contact, and a program administration contact to be part of a capture team (the "Capture Team") which will be responsible for coordination of capacity availability and ordering forecasts and analysis. Either Party may change its designated members of the foregoing Capture Team upon notice to the other Party. The designated members of the Capture Team are members of the senior staff of such Party or such other staff members with the access to appropriate information to provide good faith input as part of the Capture Team meetings. The Capture Team shall meet *** or as otherwise agreed by the Parties. The Capture Team shall have the authority and responsibility for coordinating the operating relationship between the Parties pursuant to this Framework Agreement and shall have specific responsibility for coordinating *** The Capture Team shall agree upon reasonable and appropriate information sharing required to accomplish the foregoing responsibilities; provided that, as part of each regularly scheduled Capture Team meeting, the Parties shall prepare a report comprising the information set forth on Schedule 1 hereto.

(ii) Capacity Ordering. *** Customer's ability to order capacity shall be subject to *** provided that SES agrees to make good faith efforts to accommodate Customer's requests for capacity with existing available capacity and capacity which may become available at a later date *** Each of Customer and SES agree to follow the capacity ordering procedures set forth on Schedule 1; provided that the Capture Team may agree to follow alternative procedures if the Parties mutually agree such procedures provide for more efficient and effective ordering of capacity.

(c) Bandwidth and Rates. Capacity ordered by Customer during the Term shall be in the following categories and at the following rates:

***

(d) Minimum Capacity Commitment. ***

(e) Teleport Services. *** SES may provide teleport services under a SO through *** (the "Teleport(s)"). SES may provide teleport services through the Teleport(s) at a rate of *** In the event that Customer requests and SES agrees to provide colocation services, SES may provide colocation services under a SO at the Teleport for Customer's hub equipment at a rate of *** Teleport services, including colocation, are subject to availability (as determined by SES in its sole discretion) of related facilities at the time of execution of the relevant SO. Services through other teleports (i.e., not through Teleport(s)) will be evaluated on a case-by-case basis. SES shall not unreasonably refuse Customer's requests for teleport services.

4. PORTABILITY AND RIGHT TO REDUCE CAPACITY

(a) Portability Option. During the Term, Customer shall have the option to port capacity between *** subject to the following conditions: ***

***

5. EXCLUSIVITY

Pursuant to Customer's request, the Parties agree that, throughout the Term, Customer shall procure from SES its capacity requirements as follows:

*** Confidential treatment requested.

***

Customer understands and agrees that all capacity is subject to availability of capacity and related facilities at the time of execution of SO(s) by the Parties. *** SES agrees to make commercially reasonable efforts to satisfy Customer's capacity requirements, including through third party providers. Except as provided above, in the event SES is not able to provide capacity requested by Customer from the SES fleet, SES may obtain such capacity from third party providers; provided that ***

Notwithstanding the foregoing, Customer may procure such capacity directly from third party providers in the event that:

***

The Parties agree that SES shall have no obligation to provide and Customer shall have no obligation to take capacity through third party providers except under a fully executed SO. ***

6. THIRD PARTY PROVIDERS

(a) Credits/Rebate. Customer may procure capacity on the SES fleet through a third party provider, in accordance with Section 5 above, *** In such event, prior to Customer and SES agreeing on Customer initiating any such third party request, the Parties shall agree on the associated economics of any credit provisions, which may be ***

(b) Portability. In the event Customer procures capacity on the SES fleet through a third party provider, in accordance with Section 5 above, during the Term, such third party provider, at Customer's direction, shall have the right to port such capacity on the same basis Customer has under the Portability Option in Subsection 4(a) above.

(c) Assignment. In addition to any rights of Customer to transfer its rights and obligations under any Agreement pursuant to Subsection 11(h) of the MSA, Customer may assign *** in whole, but not in part, provided that: ***

7. TERMINATION

In the event of termination of *** pursuant to a termination right under either the *** of the *** and the *** then either Party may terminate this Framework Agreement *** written notice to the other Party.

Termination of this Framework Agreement will not affect the validity of any SOs executed by the Parties prior to such termination, including the *** and the ***

8. CONDITIONS

This Framework Agreement is contingent upon the satisfaction of the following conditions:

(a) (i) the approval by the SES S.A. Board of Directors no later than *** of *** the Services to Customer (as represented in Attachment A to the *** and the ***), and (ii) *** failing which this Framework Agreement shall be *void ab initio* and the Parties shall have no further obligations or liabilities to each other under this Framework Agreement. ***

*** Confidential treatment requested.

(b) the Parties' execution of *** and the *** by ***

9. LICENSES

Customer will be responsible for obtaining all applicable governmental and regulatory authorizations to enable Customer to utilize the Capacity over the designated region of service. As part of the Capture Team meetings, regulatory issues shall be discussed in the selection, utilization and portability of Capacity and SES agrees to provide Customer reasonably requested information necessary to enable Customer to seek AMSS and similar authorization to operate Customer's service over a particular jurisdiction.

10. OTHER TERMS AND CONDITIONS

(a) Confidentiality. The Parties agree that the content of this Framework Agreement is confidential, contains information which is proprietary to SES and Customer, and is subject to the Proprietary Information Agreement between the Parties dated *** (the "PIA"), except that the termination date of the PIA as set forth in Section (7) of the PIA shall not apply.

(b) Publicity/Regulatory Disclosures. Any press release that either Party intends to do in order to announce this Framework Agreement is subject to review and approval by the other Party, such approval not to be unreasonably withheld, conditioned or delayed. In addition, notwithstanding the terms of the PIA, disclosure by a Party pursuant to law, judicial order, governmental regulation, securities laws or regulations, or rules of a recognized stock exchange is permitted, provided that the disclosing Party gives reasonable advance notice to the other Party of such disclosure and cooperates with the other Party in endeavoring to obtain limitations on disclosures (including protective orders) as requested by the disclosing Party and, in the case of required disclosures under securities laws or regulations, or rules of a recognized stock exchange, the disclosing Party coordinates with the other Party prior to disclosure and any such required disclosures shall be done in good faith utilizing of all opportunities to minimize such disclosure and/or redacting of key competitive terms.

(c) Expenses. Each Party shall bear its own costs and expenses incurred by it in negotiating and preparing this Framework Agreement, *** any other the SO(s), and ***

(d) Governing Law & Jurisdiction. This Framework Agreement shall be construed in accordance with the laws of New York without regard to its conflicts of laws provisions and the courts of New York shall have exclusive jurisdiction over any disputes that may arise in connection with this Framework Agreement.

(e) No Liability. NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY INDIRECT, CONSEQUENTIAL, PUNITIVE, SPECIAL OR OTHER SIMILAR DAMAGES (WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR UNDER ANY OTHER THEORY OF LIABILITY), INCLUDING BUT NOT LIMITED TO LOSS OF ACTUAL OR ANTICIPATED REVENUES OR PROFITS, LOSS OF BUSINESS, CUSTOMERS OR GOOD WILL. This section does not modify the limitations applicable to breaches of the PIA, which are governed by the PIA.

(f) No Third Party Rights; No Fiduciary Relationship. Nothing contained in this Framework Agreement shall be deemed or construed by the Parties or by any third party to create any rights, obligations or interests in third parties, or to create the relationship of principal and agent, partnership or joint venture or any other fiduciary relationship or association between the Parties.

*** Confidential treatment requested.

(g) Non-Waiver of Breach. The waiver by either Party of a breach of, or a default under, any of the provisions of this Framework Agreement, or the failure of either Party on one or more occasions to enforce any of the provisions of this Framework Agreement or to exercise any right or privilege in under this Framework Agreement, will not be construed as a waiver of any subsequent breach or default of a similar nature or as a waiver of any such provision, right, or privilege under this Framework Agreement.

(h) Notices. All notices and other communications from one Party to the other Party will be in writing, in English, and hand-delivered or sent by courier service, facsimile transmission or email attachment to the other Party at the address stated in the preamble. A Party may change its notice receipt information on notice to the other Party.

(i) Severability. If any provisions of this Framework Agreement are invalid, illegal or unenforceable in any respect under applicable law, then the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired, and the invalid provision will be replaced by a valid provision that comes closest to the intent of the Parties.

(j) Counterparts. This Framework Agreement may be executed in several counterparts, each of which will be deemed an original, and all such counterparts will constitute one and the same instrument.

(k) Definitions. Each capitalized term used in this Framework Agreement that is not otherwise defined in this Framework Agreement shall have the meaning as defined in the *** or SO.

In Witness Whereof, the Parties have caused this Framework Agreement to be executed as of the date of last signature below.

GLOBAL EAGLE ENTERTAINMENT, INC.	**NEW SKIES SATELLITES B.V.**
By: /s/ Aditya Chatterjee	By: U. Bouwsma
Name: Aditya Chatterjee	Name: /s/ U. Bouwsma
Title: CTO	Title: Director
Date: October 24, 2014	Date: October 28, 2014
	By: /s/ Gerson Souto
	Name: Gerson Souto
	Title: Director
	Date: October 28, 2014

*** Confidential treatment requested.

Annex A: Capacity

[3]

Schedule 1

Capture Team Information

Customer Forecast Items.

Customer will provide periodic reports to include the following:

[3]

SES Forecast Items.

SES will provide periodic bandwidth reports highlighting the available capacities as related to the bandwidth forecasts provided by Customer. These reports will include the following:

***

SES and Customer shall exchange the necessary technical information, on an ongoing basis, to best verify the usability of the potential capacity identified by SES for the demand above, including, without limitation, taking into account ***

Notwithstanding the foregoing and without prejudice to the Ordering Procedures below, Customer may make *** SES shall respond to all such requests ***

Ordering procedures

Request: Based on information provided in the context of the Capture Team, Customer shall make requests for Capacity from time to time, including, as applicable, expected variances in duration, scheduled increases/decreases in need, ground earth station information and desired mitigation items in the event of a delay or failure and other terms.

Acknowledgment: SES shall acknowledge receipt of such request within ***

Discussion: In the event any aspect of the request is unclear, SES shall cause its Capture Team members to contact Customer's Capture Team members and engage in question/answer period ***

Response: SES shall provide a response within ***

Service Order Negotiation: In the event SES is able to provide the requested Capacity, Customer and SES shall then enter into SO negotiations.

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[3] Confidential treatment requested.

Exhibit 10.39

CONFIDENTIAL TREATMENT REQUESTED FOR PORTIONS OF THIS DOCUMENT. PORTIONS FOR WHICH CONFIDENTIAL TREATMENT IS REQUESTED HAVE BEEN MARKED WITH THREE ASTERISKS [***] AND A FOOTNOTE INDICATING "CONFIDENTIAL TREATMENT REQUESTED". MATERIAL OMITTED HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

FRAMEWORK AGREEMENT
AMENDMENT #1

This Amendment #1 (this “Amendment”) is entered into by and between New Skies Satellites B.V. (“SES”), and Global Eagle Entertainment Inc. (“Customer”), and amends the Framework Agreement dated 28 October 2014 between SES and Customer (the “Agreement”). Defined terms used herein and not defined herein shall have the meanings assigned to them in the Agreement.

WHEREAS, the Parties desire to revise the prepayment requirements under the Agreement.

NOW, THEREFORE, the Parties agree as follows:

Effective Date: The effective date of this Amendment shall be 5 January 2015 (the “Effective Date”)

Section 2 Prepayment and Security: Subsection (a) (Pre-Payment) of Section 2 (Pre Payment and Security) is modified to include the following sentence at the end of the subsection:

***

In Witness Whereof, the Parties have caused this Amendment to be executed as of the date of last signature below.

GLOBAL EAGLE ENTERTAINMENT INC.	NEW SKIES SATELLITES B.V.
By: /s/ Michael Pigott	**By:** /s/ U Bouwsma
Name: Michael Pigott	**Name:** U. Bouwsma
Title: VP Legal	**Title:** Director
Date: February 2, 2015	**Date:** February 11, 2015

*** Confidential treatment requested.

[INSERT W9 FORM]

CONFIDENTIAL TREATMENT REQUESTED FOR PORTIONS OF THIS DOCUMENT. PORTIONS FOR WHICH CONFIDENTIAL TREATMENT IS REQUESTED HAVE BEEN MARKED WITH THREE ASTERISKS [***] AND A FOOTNOTE INDICATING "CONFIDENTIAL TREATMENT REQUESTED". MATERIAL OMITTED HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

MASTER SERVICES AGREEMENT

This Master Services Agreement (the "MSA") is entered into this 24th day of October, 2014 (the "Effective Date"), between the SES Affiliate New Skies Satellites B.V., a Dutch company with offices at Rooseveltplantsoen 4, 2517 KR, The Hague, The Netherlands, and Global Eagle Entertainment, Inc., a Delaware corporation with offices at 4353 Park Terrace Drive, Suite 100, Westlake Village, CA 91361, USA ("Customer").

1. Agreements/Service Orders.

(a) This MSA and the Framework Agreement between Customer and SES dated October __, 2014 together establish the terms and conditions that apply to each Service provided to Customer. Each Service will be described in a Service Order to be executed by Customer and an SES Affiliate. Each executed Service Order creates an individual "Agreement" between Customer and the SES Affiliate comprised of the Service Order, the Framework Agreement and the terms and conditions of this MSA. For each Service Order, references in this MSA and such Service Order to "SES" mean the SES Affiliate that is party to such Service Order. The provision of Service is subject to availability of the Network Facilities and commercial review and execution by SES of a Service Order executed by Customer.

(b) Any ambiguity, inconsistency, or conflict among or between the terms and conditions of this MSA, a Service Order, and the Framework Agreement (or any attachments, exhibits, and annexes thereto) shall be resolved in the following order of precedence (with (i) having the highest priority): (i) the relevant Service Order; (ii) the Framework Agreement; and (iii) this MSA.

2. Term. This MSA remains in effect for the purpose of ordering Service for five (5) years from the Effective Date, and will be automatically renewed thereafter for successive periods of one (1) year each, unless either Party provides notice to the other Party no later than thirty (30) Days prior to any such renewal period that it does not wish to renew this MSA. Termination of this MSA will not affect the performance of obligations of the Parties with respect to Agreements existing prior to such termination date or the applicability of the terms and conditions set forth in this MSA to such Agreements.

3. Compliance. The location and operation of the Network Facilities and SES's ability to perform are subject to all applicable national and international laws, conventions, rules, regulations, decrees, licenses and authorizations in any applicable jurisdiction. SES shall at all times maintain the necessary licenses, authorizations, and permits (including those of the U.S. Federal Communications Commission ("FCC")) required to operate the Network Facilities operated by SES or a member of the SES Group. An Agreement will be amended, as determined by SES to reflect changes made by the competent regulatory authority to the licenses or other authorizations needed to operate the Network Facilities or to applicable national and international laws, conventions, rules, regulations, decrees, licenses and authorizations in any applicable jurisdiction. To the extent such changes result in an inability to meet the Service Specifications in an Agreement, then any change to such Agreement is subject to agreement by the Parties, such agreement not to be unreasonably withheld, conditioned or delayed. Customer shall in all circumstances comply with the Operational Requirements and all applicable national and international laws, conventions, rules, regulations, decrees, licenses and authorizations, including any prohibitions or restrictions on Customer's receipt of Service applicable in any jurisdiction in which Customer uses Service or in which Service can be received. Customer shall in all circumstances comply with applicable sanctions and export control laws, conventions, rules, regulations and decrees. For the avoidance of doubt, coverage of a country or territory by the Satellite does not imply that Service is permissible or authorized to or from earth stations located in a particular country or territory.

4. Permitted Use. Service is provided solely for Customer's use for *** Customer is responsible for all facilities communicating with the Satellite (except for Network Facilities or as otherwise set forth in the Service Order). Customer shall ensure that its digital transmissions and IFEC solutions comply with all applicable legal, governmental and regulatory requirements and directions, and license conditions, in effect in any jurisdiction in which Customer uses Service or in which Service can be received with Customer's authority, including without limitation restrictions and requirements as to labeling of content, copyright, hours of availability, encryption, age verification and other restrictions as to access. On the request of SES at any time, Customer shall promptly provide SES with written certification signed by an authorized officer of Customer that Customer's digital transmissions and IFEC solutions comply with this Section 4. Customer shall promptly provide SES with such details as SES may reasonably request to satisfy SES as to Customer's compliance with the requirements of this Section 4 and to enable SES to respond to any request for information made by any governmental or regulatory agency in relation to Service. Customer shall promptly advise SES of any notice or any written communication received by Customer, or any agent or representative of Customer, from any governmental or regulatory agency in relation to Service, and provide SES with a copy of such notice or other written communication and any response by Customer or on Customer's behalf.

5. Service Fees/Outage Credits.

(a) Except for amounts disputed in good faith by Customer, Customer shall make *** Each payment is considered to have been received when SES's bank account has been credited with such payment. Any undisputed payment due from Customer (and any disputed payment later determined to have been correct) that is not received on the date it is due will bear interest at the rate of the lesser of 1.5% per month or the maximum rate permitted by law, calculated from the date payment was due until the date it is received. If Customer is delinquent as to payments due under more than one Agreement, then SES is entitled, in its sole discretion, to apply (i) Customer payments to the outstanding Customer delinquencies due to any member of the SES Group (without regard to any direction made by Customer), including the application of Customer payments within an individual Agreement, and (ii) Security that may be available in one Agreement to an outstanding Customer delinquency in another Agreement. A Service Order may include terms under which the Service Fee is subject to increase based on comparison to a price index or in accordance with a specific schedule.

(b) For any period during which there is a Confirmed Outage, SES shall apply an Outage Credit.

(c) If Customer, in good faith and by the due date of the disputed invoice, disputes SES's computation of the amounts due, Customer may withhold payment of the disputed amount, but Customer must pay all charges not in dispute by the invoice due date. An amount is not in dispute until Customer has provided SES with written notice explaining the disputed amount and describing the dispute's factual and contractual basis. Customer shall provide to SES written documentation to support its dispute (i) as an attachment to such written notice, or (ii) in a timely fashion thereafter. Customer and SES will work in good faith to resolve such dispute within ten (10) days following receipt of Customer's notice of dispute and required documentation. Upon resolution, disputed amounts are due and payable no later than during Customer's next billing cycle.

6. Taxes and Other Charges. Customer is solely responsible for any Taxes, with the exception of any Taxes imposed on the net income or property of SES by any country or jurisdiction imposing tax on income from all sources by reason of SES being incorporated in, or otherwise being considered a resident of, such country or jurisdiction. For the avoidance of doubt, Customer shall pay such additional amounts to SES as are necessary to make SES whole for the amount of Taxes validly levied or withheld.

7. Termination/Suspension.

(a) An Agreement may be terminated by either Party on notice to the other Party, if ***

(b) If Customer (i) fails to pay any undisputed amount when due and fails to remedy such breach within *** after written notice from SES, (ii) fails to cease any activity in violation of Sections 3 or 4 immediately after receiving telephone, email, facsimile or other notice from SES, or (iii) commits a material breach of any other obligation under an Agreement and fails to remedy such breach within *** after written notice from SES ***, then SES may, in its sole discretion, elect to Suspend Service until such failure to pay or breach is cured or terminate the relevant Agreements.

(c) SES may, in its sole discretion, Suspend Service if (i) as a result of Customer's use of Service, there is an imminent and material risk that any member of the SES Group could be or is indicted or charged as a criminal defendant, or otherwise could become or becomes the subject of any criminal proceeding or materially adverse investigation or any materially adverse governmental or administrative proceeding the result of which is likely to be fines, sanctions or non-monetary remedies, provided that any such Suspension is limited to the portion of the Service to which such imminent risk applies, (ii) as a result of Customer's use of Service, there is an imminent risk that any member of the SES Group could become or becomes subject to any other governmental action that could result in the revocation, suspension or loss of any license, ability or right to provide Service to Customer or capacity to other customers, provided that any such Suspension is limited to the portion of the Service to which such imminent risk applies, or (iii) Customer's transmissions to the Satellite are being "jammed" or otherwise intentionally interfered with by a third party (governmental or otherwise) and such jamming or interference affects service being provided by SES to third parties or affects the health of the Network Facilities, provided that any such Suspension is limited to the portion of the Service to which such jamming or interference applies. SES

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may continue to Suspend Service under this Subsection 7(c) until any action or threat of action giving rise to such right is resolved in favor of the member of the SES Group or removed and, in each case, until assurances are given to SES's reasonable satisfaction that the matters giving rise to a Suspension will not reoccur. In the event of a Suspension under this Subsection 7(c), the Parties agree to work together in good faith to resolve the situation giving rise to the Suspension. If after the *** the Parties fail to resolve or make substantial progress towards resolving the situation giving rise to the Suspension and there is a likelihood of a material adverse impact on SES, then SES can elect to terminate any relevant Agreement.

(d) If an Agreement is terminated pursuant to Subsection 7(b) or Subsection 7(c) then, without prejudice to SES's other remedies at law or in equity, Customer shall be liable for the Service Fees due for the remainder of the Service Term, and SES may use the Service Transponder or provide service on such Service Transponder to whomever SES sees fit, and Customer is not entitled to any relief (equitable or otherwise) with respect to such use or any refund of any amounts paid to SES. If Customer has paid the Service Fees for the remaining Service Term, as provided above, then SES shall use commercially reasonable efforts to re-market the terminated capacity. In the event that SES subsequently reaches an agreement to provide service to a third party utilizing the terminated capacity during the period Service otherwise would have been provided to Customer, then SES shall remit to Customer any service fees it actually receives from such third party with respect to such terminated capacity, applicable to such period, up to the Service Fee paid by Customer for such capacity for such period for which Customer did not receive Service, less (i) any amounts owed by Customer to SES under the Agreement, (ii) any reasonable costs (including reasonable attorneys' fees) incurred by SES in attempting to collect such amounts from Customer, (iii) any other damages incurred by SES in attempting to collect such amounts from Customer, (iv) any reasonable costs (including reasonable attorneys' fees) incurred by SES in marketing such capacity to, or negotiating a service agreement with, third parties, and (v) any costs reasonably incurred by SES in providing related services and equipment (not provided to Customer) that may be associated with the provision of such service. Nothing herein shall be deemed to require SES to enter into such a service agreement, if the nature of the third party, the third party's proposed use of the service or demand for terms and conditions for service, or other reasonable and appropriate factors, lead SES to reasonably determine not to enter such a service agreement, nor shall SES be obligated to use the capacity formerly used to provide Service to Customer ahead of any other capacity that SES may also have available. Customer acknowledges that the rights of SES (as stated in the immediately preceding sentence) are reasonable under all of the circumstances, constitute liquidated damages for loss of a bargain, and do not constitute a penalty.

(e) Neither Party will have any further rights, obligations or liability to the other Party under an Agreement after the termination or expiration of such Agreement, except for any rights, obligations or liabilities (i) arising prior to such termination or expiration, (ii) arising as a result of such termination or expiration, (iii) described in the Agreement as surviving such expiration or termination, or (iv) that logically would be expected to survive termination or expiration (e.g., Section 10). Customer shall cease all transmissions immediately upon the expiration or termination of an Agreement, unless otherwise agreed in writing by SES. If Customer fails to cease use of Service immediately upon the expiration or termination of the Agreement, then (without implying any right of Customer to continue use of Service) SES reserves the right to charge a fee equal to the then-current rate for thirty-day occasional use Service charged by SES, such payments to continue until Customer's use ceases.

8. __Transition of Service__.

(a) SES reserves the right to transition Service to (i) a Replacement Satellite, (ii) an Alternative Satellite, (iii) the Satellite at another orbital location, or (iv) a Collocated Transponder, provided that (A) Service as transitioned will continue to provide *** to support Service as existing prior to transition, (B) SES provides Customer with not less than *** advance notice of a planned transition of Service, to the extent reasonably foreseeable, (C) in the case of a planned transition to an Alternative Satellite, SES provides a reasonable period (not to exceed ***) during which Service will be available on the Satellite and the Alternative Satellite (unless the Satellite is not available as a result of service problems), and (D) subject to Customer's ability to defer such transition due to regulatory restrictions (which Customer agrees to address in good faith as soon as reasonably practical) any transition of Service occurring pursuant to this Section 8 shall not take more than *** to complete.

(b) In the event of a transition of Service, the Replacement Satellite, the Alternative Satellite, the

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Satellite at another orbital location, or the Satellite on which the Collocated Transponder is located, as the case may be, will become the Satellite for purposes of the Agreement and the Service Specifications will be modified accordingly. Customer shall transition Service in accordance with a transition plan to be provided to Customer by SES and shall follow SES's instructions with respect to the implementation of such transition plan.

(c) Notwithstanding the foregoing, SES understands and acknowledges that Customer's use of the Service includes the provision of IFEC solutions to end-user consumers in an onboard, commercial aircraft environment. SES understands and acknowledges the unique nature of this offering and the importance of providing uninterrupted Service to Customer at all times. As such, SES agrees to use commercially reasonable efforts to ensure that (i) any transition undertaken pursuant to this Section 8 shall not impair Customer's intended use of the Service, and (ii) the Service shall at all times be provided in accordance with the Service Specifications contained in the relevant Service Order. To the extent that Service is impaired or fails to meet the required Service Specifications as the result of such transition, Customer shall have the right to terminate the applicable Agreement without further liability or payment, provided that SES is first given a period of *** to cure the impairment or failure.

9 . <u>Force Majeure</u>. Any failure or delay in the performance by SES of its obligations to provide Service will not be a breach of any Agreement and will not constitute a failure for purposes of determining whether a Confirmed Outage has occurred, if such failure or delay results from any act of God, governmental action, or any other circumstance beyond the reasonable control of SES. Notwithstanding the foregoing, SES shall provide Customer with Outage Credits in circumstances in which SES is unable to perform because of force majeure conditions, with the exception of force majeure conditions that are attributable to sun outages, meteorological or astronomical disturbances (including rain fade), or acts or omissions of Customer or its employees, agents or contractors. If force majeure conditions continue for ***, then either Party may terminate the relevant Agreement, provided that the right to terminate expires once Service recommences.

10. <u>Liability-Related Provisions</u>.

(a) SES's Reliance. Customer acknowledges that SES has set its prices and entered into each Agreement in reliance on the terms and conditions of such Agreement, including the limitations and exclusions of liability, the disclaimers of warranties, and Customer's indemnity obligations set forth in this MSA, and that the same form an essential basis of the bargain between the Parties.

(b) Disclaimer of Warranties. SES EXPRESSLY EXCLUDES AND DISCLAIMS ANY AND ALL EXPRESS, IMPLIED AND STATUTORY WARRANTIES, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE.

(c) Indemnification. Except in cases of gross negligence or willful misconduct on the part of SES, Customer shall defend and indemnify any and all members of the SES Group from any and all third party claims, liabilities, losses, costs, and damages (including but not limited to attorneys' fees and costs, and, to the extent permitted by law, any fines and penalties) arising out of (i) Customer's use of Service or the content of material transmitted thereon, including any actual or alleged libel, slander, obscenity, indecency, infringement of copyright, or breach in the privacy or security of transmissions, (ii) Customer's violation of its obligations under Sections 3 and 4, (iii) disputes between or among Customer and its transmission recipients or its program, data or other transmission content suppliers, (iv) any failure by SES to provide Service, or (v) any warranty, representation or statement Customer may make to a third party in connection with transmissions via Service.

(d) Limitation of SES's Liability. THE PARTIES AGREE THAT (i) SES'S SOLE OBLIGATION AND CUSTOMER'S EXCLUSIVE REMEDIES FOR ANY CAUSE WHATSOEVER (INCLUDING WITHOUT LIMITATION LIABILITY ARISING FROM NEGLIGENCE) ARISING OUT OF CONFIRMED OUTAGES OR SES'S FAILURE TO PROVIDE SERVICE IN ACCORDANCE WITH THE SERVICE SPECIFICATIONS ARE LIMITED TO THOSE SET FORTH IN SECTION 5 AND SUBSECTION 7(a), AND ALL OTHER RIGHTS AND REMEDIES OF CUSTOMER OF ANY KIND ARE EXPRESSLY EXCLUDED AND WAIVED, AND (ii) SES'S LIABILITY TO CUSTOMER FOR DIRECT DAMAGES AS TO ANY CLAIMS OR CAUSES OF ACTION NOT LIMITED BY CLAUSE (i) SHALL BE LIMITED TO *** IN THE AGGREGATE, FOR EACH AGREEMENT. In no event will SES be liable for any indirect, incidental, consequential, punitive, special or other similar damages or loss of revenues, whether foreseeable or not, occasioned by any defect in any of the Network Facilities which may be provided to Customer, or the provision of Service to Customer, or any failure or delay in the provision of Service to

*** Confidential treatment requested.

Customer, or any other cause. Without limiting the generality of the foregoing, Customer has no right of recovery for the satisfaction of any cause arising out of or relating to any Agreement against (i) any supplier of equipment or services to SES in connection with (A) the launch, construction, operation, maintenance, tracking, telemetry and control of the Satellite, (B) the Network Facilities, (C) Service, or (D) the provision of Service to Customer in any circumstances in which SES would be obligated to indemnify such supplier, or (ii) any member of the SES Group. The limitations of liability set forth in this Section 10 apply to the SES Group.

(e) Limitation of Customer's Liability. In no event will Customer be liable for any indirect, incidental, consequential, punitive, special or other similar damages or loss of revenues, whether foreseeable or not, occasioned by any default by Customer hereunder or any other cause, except that the foregoing will not limit or excuse Customer from the following: (i) its Service Fee obligations (as the same may be accelerated under Subsection 7(d)); (ii) its indemnification obligations under any Agreement; or (iii) any damages that occur as a result of Customer's willful failure to immediately cease transmissions to the Satellite after receiving telephone notice or email, facsimile or other notice from SES to do so.

11. <u>Other Terms and Conditions</u>.

(a) Non-Waiver of Breach. The waiver by either Party of a breach of, or a default under, any of the provisions of any Agreement, or the failure of either Party on one or more occasions to enforce any of the provisions of any Agreement or to exercise any right or privilege in any Agreement, will not be construed as a waiver of any subsequent breach or default of a similar nature or as a waiver of any such provision, right, or privilege in any Agreement.

(b) Confidentiality. The Parties confirm that disclosures of Confidential Information between SES and Customer shall be governed by the Proprietary Information Agreement between SES and Customer, dated April 23, 2014 (the "PIA"), except that the termination date of the PIA as set forth in Section (7) of the PIA shall not apply.

(c) Publicity. Any press release that either Party intends to do in order to announce any Agreement is subject to review and approval by the other Party, such approval not to be unreasonably withheld or delayed.

(d) Waiver of Immunities. To the extent that either Party has acquired or later acquires any immunity (sovereign or otherwise) from any legal action, suit, or proceeding, from jurisdiction of any court, or from setoff or any legal process with respect to itself or any of its property, such Party irrevocably waives and agrees not to plead or claim such immunity with respect to any action, suit or proceeding brought in relation to any Agreement.

(e) OU Confirmations. Each occasional use Service will be described in a Service Order referred to as an OU Confirmation.

(f) No Property Interest/Subordination. Each Agreement is a service contract and does not grant, and Customer will not assert, any right, interest or lien in any property or assets of SES, including any of the Network Facilities or related equipment that SES may own. SES may grant security interests of any kind in Service, any of the Network Facilities or any Agreement (including the proceeds thereof) to third parties. Any such Agreement and all rights granted to Customer in such Agreement are subject and subordinate to any such security interests, provided that any secured party agrees to be bound by the terms and conditions of such Agreement as long as (i) Customer does not pay any Service Fees more than *** prior to their due dates under such Agreement, (ii) such Agreement is not supplemented, amended, extended or otherwise modified in any manner that adversely affects the interests of any secured party, and (iii) after receipt of notice from any secured party of a default by SES under any relevant security document, Customer agrees to make, and makes, all payments thereafter as instructed by a secured party. Customer acknowledges and consents to foreclosure upon an Agreement by any secured party or its designee, successor or assignee, and the consequent replacement of SES under such Agreement by the secured party, its designee, successor or assignee, or another purchaser or assignee. Any secured party is entitled to exercise all rights as may be available to SES under an Agreement and to cure any defaults of SES under an Agreement within such cure period as may be available to SES under an Agreement. Upon receipt of notice from a secured party, Customer agrees to accept such exercise and cure by a secured party and to render all or any part of the performance due by Customer under the Agreement to such secured party. This provision is self-operative and no further instrument of subordination is required by any security agreement, mortgage or other document reflecting the security interest to make this subordination effective. In confirmation of such acknowledged subordination,

*** Confidential treatment requested.

Customer shall promptly execute any instrument or certificate which SES or any secured party may reasonably request.

(g) Notices. Except as otherwise provided in a Service Order, all notices and other communications from one Party to the other Party will be in writing, in English, and hand-delivered or sent by courier service, facsimile transmission or email attachment to the other Party at the address stated in the preamble or, as to any Service Order, at the address stated in such Service Order. A Party may change its notice receipt information on notice to the other Party.

(h) Assignment. SES may Transfer its rights, interests and obligations in any Agreement, its rights and interests in and to any of the Network Facilities, or its rights and interests in and to any and all sums due or to become due under any Agreement to any transferees. Upon receipt of notice from SES of such Transfer, Customer shall perform all of its obligations directly for the benefit of the transferee, and shall execute and deliver such documentation related to such Transfer as SES or the transferee may reasonably require. Customer may not Transfer its right to Service, or the rights and obligations set forth in any Agreement, to any third party without SES's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Customer may transfer its rights and obligations under any Agreement to an entity acquiring all or substantially all of the assets of Customer or to an subsidiary or affiliate under common control with Customer without the consent of SES, provided that Customer shall remain responsible for performance of all obligations in such Agreement (to the extent not performed by the assignee). Each Agreement is binding on and will inure to the benefit of any successors, transferees and assignees of the Parties, provided that no Transfer will relieve either SES or Customer of its obligations to the other Party. Any purported Transfer by either Party not in compliance with the provisions of this MSA is null and void. If a change of control of Customer or of a substantial part of its assets has a negative impact on Customer's credit rating, then Customer shall provide Security as requested by SES to secure the fulfillment of Customer's contractual obligations. If such Security is not provided by Customer, then SES may terminate any Agreement, such termination to be effective one month after SES's notice, unless Customer provides the requested Security prior to such effective date. Customer shall notify SES in writing of any change of control of Customer or of any change of a substantial part of its assets as soon as Customer is aware of any such change.

(i) Governing Law/Jurisdiction/Venue. This MSA and each Agreement is governed by and interpreted according to the laws of the State of New York, without regard to any conflict of laws provisions thereof. Customer consents to the jurisdiction of any competent court in in the State of New York, for purposes of actions, suits or proceedings arising out of this MSA or any Agreement.

(j) Personal Data. Customer consents to the processing of the personal data of its contact person(s) by SES, acting as data controller, for the purposes of the performance of each Agreement, and more generally for the carrying out of SES's activities, and Customer shall inform such contact person(s) accordingly. Customer shall inform such person(s) of their right to access and correct such personal data.

(k) Miscellaneous. If any provisions in any documents executed in connection with an Agreement are invalid, illegal or unenforceable in any respect under applicable law, then the validity, legality and enforceability of the remaining provisions contained in such documents will not in any way be affected or impaired, and the invalid provision will be replaced by a valid provision that comes closest to the intent of the Parties. The provisions of any Agreement are only for the benefit of SES (and the SES Group) and Customer, and no third party may seek to enforce or benefit from those provisions, except that the Operational Requirements are intended for the benefit of both SES and all SES customers using the Network Facilities. Notwithstanding the foregoing, any secured party which acquires a security interest in an Agreement as contemplated under Subsection 11(f) is deemed an intended third party beneficiary of such Agreement. SES may contract with third parties for certain services to be provided as part of a Service, and, to the extent such third party terms and conditions differ from the terms and conditions set forth in an Agreement, prior to execution of the Agreement SES will provide Customer a copy of such third party terms and conditions. This MSA and any Service Order may be executed in several counterparts, each of which will be deemed an original, and all such counterparts will constitute one and the same instrument. An Agreement may not be amended or modified in any way, and none of their provisions may be waived, except in a document signed by an authorized representative of each Party.

(l) Appendices. All Services ordered pursuant to an Agreement are subject to the terms and conditions of this MSA and the following appendices, which are incorporated into this MSA by reference:

Appendix A Operational Requirements
Appendix B Definitions
Appendix C Additional Terms and Conditions for Services on the SES ASTRA Fleet Satellites (if so indicated in a Service Order)
Appendix D Additional Terms and Conditions for Services on the SES North American Fleet Satellites (if so indicated in a Service Order)

(m) Complete Agreement. Each Agreement (i.e., a Service Order incorporating this MSA or the Framework Agreement, including its appendices, the documents incorporated by reference, and appendices or annexes to a Service Order) executed by the Parties (i) constitutes an entire and separate agreement between the Parties for SES to provide, and Customer to accept and pay for, Service for the Service Term, and (ii) supersedes all previous understandings, commitments or representations (whether written or oral) concerning its subject matter.

IN WITNESS WHEREOF, the Parties hereto have duly executed (by an authorized officer of each Party) and delivered this MSA as of the Effective Date.

GLOBAL EAGLE ENTERTAINMENT, INC.	NEW SKIES SATELLITES B.V.
By: /s/ Aditya Chatterjee	By: U. Bouwsma
Name: Aditya Chatterjee	Name: /s/ U. Bouwsma
Title: CTO	Title: Director
Date: October 24, 2015	Date: October 28, 2014

*** Confidential treatment requested.

Operational Requirements

Article I. Earth Station Transmit/Receive Requirements.

1 . 0 Non-Interference and Use Restrictions. In its transmissions to and from the Satellite, Customer shall comply with all applicable governmental laws, rules and regulations. Customer shall follow established practices and procedures for frequency coordination and shall not use Service, or any portion thereof, in a manner which would or could be expected, under standard engineering practice, to harm Service or interfere with the use of or harm any portion of any Transponder on the Satellite, the Satellite, or any other in-orbit satellite or transponder on such other satellite.

2.0 Transmission Plan. Prior to commencing transmissions to and from the Satellite, Customer shall obtain SES's prior written approval of its transmission plan. Customer is permitted to modify this transmission plan from time to time. SES makes no representation, warranty, or covenant regarding any use of Transponder capacity provided under any Agreement, including the efficacy of the use of any number of carriers.

3 . 0 Customer Equipment. Customer is responsible for the provision, installation, operation, and maintenance of, and for securing all necessary licenses and other consents, permissions, concessions, permits and authorizations for Customer Equipment.

4.0 Earth Station Requirements.

4.1 *General Requirements.*

(a) Customer shall configure, equip and operate its transmit facilities so that the interface, in outer space, of these facilities with the Satellite conforms to the characteristics and technical parameters of the Satellite. Customer shall follow SES's procedures for earth station registration for which a designated earth station registration form will have to be completed and submitted to SES for approval prior to being granted access to the Satellite. The earth station registration form is made available to Customer at www.ses.com/technical. Customer shall follow SES's procedures for initiating and terminating any transmissions to the Satellite. Customer shall operate all transmit facilities in a manner that allows for cessation of, and shall cease, transmissions immediately after receiving telephone notice or email, facsimile or other notice from SES. Customer shall furnish information regarding the technical parameters of its transmissions on a continuing basis as required by SES to prepare for, initiate, maintain and immediately discontinue the use of Service upon notice by SES.

(b) SES has the right, but not the obligation, to inspect any Customer transmit facilities, together with associated facilities and equipment used by Customer, or by a third party under the authority of Customer, to transmit to the Satellite. SES shall use reasonable efforts to schedule inspections to minimize the disruption of the operation of such facilities, and Customer shall make such facilities available for inspection at all reasonable times. Customer shall, upon SES's request, provide technical data (*e.g.*, measurements performed on an antenna) sufficient to prove that any transmit facility meets or exceeds the required sidelobe envelope.

4.2 *Uplink Restrictions.* Except as may be expressly permitted by SES during a coordinated test period, no earth station operator shall transmit an unmodulated carrier through a Transponder. The operation of each earth station will adhere to a transmission plan submitted by Customer and approved by SES. Under no circumstances will the earth station transmit an RF carrier to the Satellite on a frequency not authorized by SES, whether or not that frequency is in use by other earth stations.

4 . 3 *Earth Station Performance, Customer Signals and Facilities.* Customer, its Uplink Signals and the Uplink and/or Multiplex Facilities having access to the Satellite are required to comply with the specifications and parameters set out in the applicable *SES Access Document* (which includes requirements concerning the Earth Station EIRP, Uplink EIRP Stability, HPA and polarization capabilities) and, as applicable, the *SES Service Information Update System* (SIUS). These two documents are available to Customer by online registration at www.ses.com/technical, each as may be modified by SES from time to time. Customer is responsible for reviewing changes to the SES Access Document and the SIUS on a regular basis. SES may instruct Customer to change the earth station uplink EIRP to account for changes in the Service Transponder's performance, utilization of redundant units or utilization of a different transponder, provided that (i) SES shall discuss any requested change in the earth station uplink EIRP with Customer reasonably in advance, and (ii) such change does not impact the Service Specifications, as specified in the relevant Service Order.

5 . 0 Service Requirements. Video Requirements, Data Service Modem Requirements and Emission Constraints are defined or referenced in the applicable SES Access Document.

6 . 0 Earth Station Providers. Customer may contract with third parties to transmit its signals to, or receive its signals from, the Satellite, provided that Customer requires such third parties to comply with the requirements of the Agreement regarding transmissions to, or reception from, the Satellite and makes SES an intended third party beneficiary entitled to enforce such agreement. If Customer retains such third parties, then the acts and omissions of those third parties in connection with the transmission or reception of Customer's signals will be deemed to be the acts and omissions both of such third parties and of Customer.

7.0 Customer Cooperation. If Service fails to meet the Service Specifications, then Customer shall use all reasonable efforts to cooperate with and aid SES in curing such failure, including modifying Customer Equipment so that there is no net loss in performance, in which event the Service Specifications will still be deemed to be met, provided that all reasonable efforts can be done at no expense to Customer (unless reimbursed by SES). These obligations of Customer include but are not limited to the following: (i) at the request of SES, if there is a problem that can be compensated for by increasing the power of its transmissions to the Satellite, without affecting Customer's use of Service, then Customer shall do so to the extent it can with existing equipment, provided that such increase in power can be accomplished without violating the conditions of any license, authorization, or permit; and (ii) permitting SES, at SES's sole discretion, cost and expense, to upgrade Customer Equipment.

Article II. General Requirements.

1.0 Carrier Frequency Assignments. The assigned center frequency of each carrier is determined by SES in consultation with Customer. It is required that all transmit and receive earth stations be capable of operation across the entire satellite frequency band and in the specified polarization. From time to time, it may be necessary to change carrier frequency assignments (i) to meet changes in Customer's requirements, (ii) to avoid mutual interference with carriers in adjacent or co-frequency transponders on the Satellite or on another satellite, or (iii) to enable efficient capacity utilization and Transponder loading. Customer shall maintain the capability at all times (remotely or otherwise) to promptly comply with instructions from SES to change a carrier frequency assignment.

2.0 Third Party Use. Without implying any right of Customer to permit any third party use of Service (*e.g.*, see Sections 3 and 4 of this MSA), Customer is responsible to SES for any use or transmission by third parties (*e.g.*, Customer's customers and end-users) that is permitted by Customer to the same extent as it would be for Customer's own use or transmissions. Any use by third parties is deemed to be use by Customer and references in the Agreement with respect to Customer's responsibilities to SES or Customer's use or transmissions include use by third parties.

3.0 Satellite Power Constraint. As the Satellite ages and in order to protect the overall health and performance of the Satellite, it may be necessary to cease operating (or interrupt operation of) one or more Transponders (*e.g.*, because of an overall power constraint on the Satellite). If Service will be affected (*e.g.*, interrupted, relocated, terminated), and such action reasonably can be anticipated, then SES shall give Customer thirty (30) Days' notice, or such lesser period of notice as is practical under the circumstances.

4.0 SES Rights In Abnormal Circumstances. Customer recognizes that it may be necessary, in unusual or abnormal technical situations or other unforeseen conditions, for SES to deliberately terminate Service or interrupt Customer's use of Service, in order to protect the overall health and performance of the Satellite or to reassign certain amplifiers among Transponders to make use of a spare equipment unit. Such decisions will be made by SES in its sole discretion. Customer shall immediately cease transmissions to the affected Service Transponders at such time as Service is terminated or interrupted pursuant to this Section 4.0. The redundancy plan of the Satellite may require SES to reassign certain SSPAs or TWTAs, as applicable, among Transponders to make use of a spare. In circumstances in which a spare SSPA or TWTA is required to be employed and to do so requires a change in the SSPA or TWTA assigned to Customer, Customer shall, on notice from SES, immediately cease transmitting to the Satellite to allow the SSPA or TWTA that is assigned to the Service Transponder to be reassigned and a different unit (that meets the Service Specifications) to be put in its place. In no case shall the reassignment of SSPAs or TWTAs result in the Service failing to meet the Service Specifications as stated in the relevant Service Order.

5.0 Testing in the Event of Degraded Service. If a Service Transponder is not meeting the Service Specifications, but Customer elects to continue to use Service, as degraded, then SES may interrupt Customer's use as necessary to perform testing or take any other action that may be appropriate to attempt to restore the affected Service Transponder to the Service Specifications.

6.0 Telephone Notices. For the purpose of receiving notices from SES regarding preemption, interference or other technical problems, including but not limited to Satellite Failure, restoration and denial of access, Customer shall maintain for each earth station transmitting signals to the Satellite a telephone that is staffed at all times during which Customer is transmitting signals to the Satellite and an automatic facsimile machine or an email address in operation and capable of receiving messages from SES at all times. THOSE PERSONS STAFFING THE EARTH STATION, FOR THE PURPOSES OF RECEIVING SUCH MESSAGES, MUST HAVE THE TECHNICAL CAPABILITY AND ABSOLUTE AUTHORITY TO IMMEDIATELY TERMINATE OR MODIFY THE TRANSMISSIONS IF NOTIFIED BY SES. All such notices will be effective upon placement of a telephone call or transmission of a facsimile or email from SES to Customer. Within ten (10) days of any telephone notice provided herein, SES shall provide Customer with a written notification summarizing the contents of the telephone notice.

Article III. Technical Characteristics of the Satellite System.

1.0 Contours. Upon request, SES shall provide uplink G/T contours and downlink EIRP contours for the allocated capacity, to allow Customer to estimate EIRP, G/T and SFD for locations within the overall footprint of the Satellite. The contours are provided for planning purposes only and do not represent a warranty of performance.

2.0 Multi-Carrier Operation. While subject to final approval by SES based on the specific transponder configuration, in general multi-carrier operations (two or more) are conducted with a composite output and input back-off. For fractional Transponders, additional power constraints may be imposed in order to reduce the generation of intermodulation or other spurious signals.

3.0 <u>Input Attenuators</u>. The gain of each Transponder may be adjustable by ground command. The gain setting for each Transponder is specified by SES, in consultation with Customer and other customers on the Satellite, taking into consideration current and future uplink coordination restrictions and the need to limit co-channel interference.

4.0 <u>Communication System Performance Characteristics – Expected Performance</u>.

4.1 *Cross Polarization.* Cross polarization isolation between co-frequency Transponders is expected to be a minimum of 29 dB for most locations within the -3 dB downlink/uplink gain contour (relative to beam center). SES reserves the right to review and approve all transmission plans in order to minimize the level of co-channel interference.

4.2 *Adjacent Satellite Interference.* Power and bandwidth on the Service Transponder is allocated by SES, taking into account any applicable coordination limits with respect to the Satellite. Service Transponder input attenuation or other parameters may be modified by SES, in consultation with Customer and other customers utilizing the Service Transponder, in order to help minimize the effects of adjacent satellite interference. SES shall use reasonable efforts to identify and reduce the effects of adjacent satellite interference. SES reserves the right to instruct Customer to modify its transmission plans periodically in order to minimize mutual interference between adjacent satellites and to ensure compliance with applicable coordination agreements with other networks.

4.3 *Nominal Transponder Assignment.* SES reserves the right to assign and reassign specific Transponders using specific uplink and downlink beam pairs, or Transponders using beams with comparable performance, in order to minimize mutual interference between adjacent satellites, ensure compliance with applicable coordination agreements with other networks, or permit efficient loading of the Satellite. In no case shall the reassignment of specific Transponders result in the Service failing to meet the Service Specifications as stated in the relevant Service Order.

4.4 *Performance at Particular Locations.* In the event of a bona fide dispute regarding whether the Service Specifications are being met, SES shall work with Customer in good faith to assess whether or not the Service Specifications are being met. The Parties shall consider data and measurements obtained from (i) SES's monitoring stations and extrapolated data for the particular locale, and (ii) operational data generated by Customer's use of the Service.

End of Appendix A

<u>APPENDIX B</u>

<u>Definitions</u>

Each capitalized term used in an Agreement that is not otherwise defined in an Agreement shall be defined as follows:

Agreement: means as to each individual Service Order entered into by and between Customer and an SES Affiliate, the Service Order and the terms and conditions of the MSA as incorporated by reference in the Service Order.

Alternative Satellite: means a satellite in an orbital location other than the Orbital Location. References in an Agreement to the "Satellite" are, in context, deemed to be references to the Alternative Satellite.

Collocated Transponder: means a transponder on the same Satellite as the Service Transponder or on any Satellite at the same Orbital Location. References in an Agreement to the "Satellite" are, in context, deemed to be references to the Satellite on which the Collocated Transponder is located.

Confirmed Outage: means a continuing and uninterrupted failure to meet the Service Specifications that impairs the use of the Service for its intended purpose (including any Service interruption that may be made by SES in unusual, abnormal or other unforeseen technical situations in order to protect the health and performance of the Satellite) for one (1) hour or more, unless such failure is the result of (i) circumstances specified under Section 10 of this MSA, or (ii) the failure of Customer Equipment. All Confirmed Outages must be verified by SES. No Confirmed Outage will be deemed to occur prior to actual notice from Customer to SES of such failure or during any period when Customer is using Service, except that if a Confirmed Outage is determined to have commenced prior to such notice then such Confirmed Outage will be deemed to have commenced as of such determined time (but not more than 24 hours prior to such notice). All determinations as to Confirmed Outages are made on a Service Transponder by Service Transponder basis.

Customer Equipment: means any equipment or facilities, including but not limited to antennas, which are provided, or required to be provided, by Customer for use in conjunction with Service, whether or not located at an SES facility.

Day: means a calendar day (*i.e.*, of which there are 365 or, in the case of a leap year, 366).

EIRP: means effective isotropic radiated power.

Euro or €: means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community (signed at Lisbon on 13 December 2007).

Network Facilities: means, collectively, the Satellites and the terrestrial or earth station facilities operated by SES or a member of the SES Group, or third parties under contract to SES or a member of the SES Group.

Operational Requirements: means SES's Operational Requirements, as set forth in Appendix A, as the same may be modified from time to time by SES in its reasonable discretion.

Orbital Location: means the orbital location of the Satellite indicated in an Agreement.

OU Confirmation: means a Service Order for the provision of occasional use Service.

Outage Credit: means a credit against Service Fee obligations equal to the *pro rata* Service Fee due for that portion of Service during which a Confirmed Outage shall be determined to have occurred. (If Customer has paid all Service Fees due for the Service Term, then SES will pay Customer the amount of the Outage Credit.) Customer is not entitled to any Outage Credit for any Service failure that does not constitute a Confirmed Outage. In addition, if it is determined by final judicial order that SES prevented Customer from accessing any or all Service at a time when SES did not have the right to do so (including under Section 8 of this MSA), then Customer shall be entitled to Outage Credits for the period during which access was denied. Except as provided in the preceding sentence, a Suspension made by SES under Section 8 of this MSA shall not result in any Outage Credit to Customer for Service Fee payments, which shall continue to be due and payable during any such period of Suspension.

Party: means, for each Agreement, SES and Customer individually, and "Parties" refers to SES and Customer collectively.

Replacement Satellite: means a satellite which SES places in the Orbital Location (or, to the extent SES receives authorization to do so, any orbital location within five degrees of such Orbital Location) as the Satellite used to provide Service. References in an Agreement to the Satellite are, in context, deemed to be references to the Replacement Satellite.

Satellite: means the satellite utilized to provide Service.

Satellite Failure: means a satellite that SES has declared a failure for purposes of the applicable Agreement. For purposes of this definition, a hybrid satellite with multiple frequency band payloads will be treated either as a single satellite or as though the frequency band payloads were located on separate satellites, at SES's sole discretion.

Security: means the security for Customer's performance of its obligations, as set forth in the applicable Agreement (which may consist of cash collateral, bank guaranty, letter of credit or other form).

Service: is as described in the applicable Agreement.

Service Fee: is as set forth in the applicable Agreement.

Service Specifications: is as set forth in the applicable Agreement.

Service Term: means the period beginning on the "Commencement Date" and continuing through the "End Date", each as set forth in the applicable Agreement.

Service Transponder: means the Transponder utilized to provide Service, as such Transponder may be changed from time to time by SES in its reasonable discretion, subject to the Framework Agreement.

SES Affiliate: means any member of the SES Group, including but not limited to SES S.A., SES ASTRA S.A., and New Skies Satellites B.V.

SES ASTRA Fleet Satellite: means a satellite (or payload) designated as such in the applicable Service Order.

SES Global Fleet Satellite: means a satellite (or payload) designated as such in the applicable Service Order.

SES Group: means SES S.A. (or its successor-in-interest due to merger, reorganization or otherwise), or any entity controlling, controlled by or under common control with SES S.A., all members of the boards of directors and management boards, members or shareholders of SES S.A. and such entities, and all officers, employees, consultants, agents, contractors and subcontractors of SES S.A. and such entities.

SES North American Fleet Satellite: means a satellite (or payload) designated as such in the applicable Service Order.

Suspend Service: means to deny Customer access to Service.

Suspension: means a denial of access to Service.

Taxes: means any taxes, duties, surcharges, withholding, usage fees and other fees or charges levied or assessed by any local, state, national, public or quasi-public governmental authority or entity on Service or Customer's use of Service, including without limitation any value added tax, withholding tax, regulatory fee (such as for landing rights), or other fees payable by any member of the SES Group pursuant to universal service fund programs or other regulatory-related programs, and permitted or required to be passed on to Customer by such governmental authority.

Transfer: means to grant, sell, assign, novate, encumber, convey, license, lease, sublease, or permit the utilization of, directly or indirectly, in whole or in part.

Transponder: means any of the transponders on the Satellite.

End of Appendix B

APPENDIX C

Additional Terms and Conditions for Services on the SES ASTRA Fleet

1. **Scope.** The provisions of this Appendix C will apply to Service only if so indicated in a Service Order.

2. **Specifications of Customer Signals and Customer Uplink Signals.** SES requires each Customer Signal and Customer Uplink Signal to meet the applicable provisions of the specifications set forth in each applicable SES Access Document, as made available to Customer by online registration at www.ses.com/technical, and as may be modified by SES from time to time. Customer is responsible for reviewing changes to the applicable SES Access Document on a regular basis.

3. **Network Information Table.** Customer will transmit the SES Network Information Table ("NIT"). The Customer Uplink Signals will automatically update its transmitted NIT to reflect any changes of the NIT. Customer shall not modify the NIT without prior consultation with SES.

4. **Customer Signals.** Video source coding will be as specified in (a) MPEG-2 Main Profile @ Main Level or High Level, (b) MPEG-4 Part 10 Main Profile @ Level 3, or (c) MPEG-4 Part 10 High Profile @ Level 4. Audio source coding will be as specified in ISO/IEC 13818-3 and as defined in ETSI TR 101 154.

5. **Restoration and Preemption.**

(a) For each Agreement, the Service will have the preemptibility status stated in the Service Order (*i.e.*, "Preemptible Service" or "Non-Preemptible Service"). A Non-Preemptible Service will have no rights of Preemption and will not be subject to Preemption. A Preemptible Service will have no rights of Preemption and may be subject to Preemption.

(b) If a Service Transponder fails and a Spare TWTA is available, then, subject to the following priority rules, SES shall allocate such Spare TWTA to the Service as soon as reasonably possible. As a general rule, Spare TWTAs on the Satellite will be provided on a first failed/first restored basis. In the event multiple Transponders fail simultaneously (or where the sequence of failures cannot be determined), and such failures exceed the number of available Spare TWTAs, then the following rules will apply (with Rule 1 having priority over Rule 2, *etc.*):

Rule 1 DTH Services have priority over Contribution Services and other Services. Contribution Services and other Services have equal priority.

Rule 2 Non-Preemptible Services have priority over Preemptible Services.

Rule 3 If conflicting rights to Spare TWTAs arise between Services with the same priority status under Rules 1 and 2, then priority is given in accordance with the following: (i) Services with an earlier start of transmissions have priority over Services with a later start of transmissions. This priority is independent from the Channel transmitted via the Service. If a Customer has started with the same Channel as transmitted via its current Service under an earlier Agreement and if transmissions of such Channel have continued without interruption, then the priority shall be determined by the start of transmissions of such Channel under that earlier Service Order; (ii) as to Services which started simultaneously, priority is determined by customer start dates, so that the Agreement with the earlier customer start date has priority over the Agreement with the later customer start date; (iii) as to Services which have the same customer start date, priority is determined by the expiry dates of the respective Service, so that Services with the later date of expiry have priority over Services with the earlier expiry date; and (iv) as to Services which expire on the same date, priority is determined by the dates on which the respective Service Orders were executed, so that the Service Order which was executed first has priority over a Service Order executed later.

6. **Signal and Encryption.** Customer shall ensure that the Customer Signals, the Uplink and/or Multiplex Facilities and the Customer Uplink Signals comply with Sections 2-4, and do not interfere with or damage the Satellite or any of its Transponders. Customer may encrypt the Customer Signals, provided that (i) prior to the start of the encryption, Customer, at its expense, provides SES with up to ten (10) operational decoders (as requested by SES) authorized for reception and any other equipment needed to receive the Customer Downlink Signals, and (ii) any conditional access

system complies with the relevant specifications of the European Digital Video Broadcasting Project and the ISO/IEC 13818 standard.

7 . Transponder Performance. The saturated Transponder EIRP and Received Signal Power is measured under all weather conditions at the Control Facility. The Minimum Transponder Performance and Received Signal Power shall be those measured or otherwise ascertained when Customer is complying or procuring compliance with Section 2. In order to accurately determine each Transponder EIRP independent of atmospheric attenuations and transponder bandwidth characteristics, a measurement set-up consisting of a calibrated fluxmeter and radiometer is used.

8. Channel(s).

(a) The Service Transponder shall only be used for the transmission of Customer's Channels.

(b) For each Channel, Customer shall provide SES with the following information:

1. Name and address of broadcaster (if different from Customer):
2. Name of Channel:
3. Type of Programming:
4. Signal Definition:[SD/HD]
5. (Primary) Language:
6. Hours of transmission:
7. Encryption:
8. Broadcasting license and licensing authority:
9. Target Territories:
10. Uplink:
11. Start of Channel:

Customer shall provide the above information for any given Channel, as well as a copy of the relevant broadcast license or other authorization, at least thirty (30) days before the proposed start date for the Channel. Customer shall provide SES with the same advance notice of any change of the above-mentioned parameters. Customer shall not transmit any Channels or implement any change during this period without the prior written consent of SES.

9. Additional Covenants.

(a) Customer is responsible for ensuring that all Channels which are subject to the laws of a Member State of the European Union have the required broadcasting license or authorization from a Member State of the European Union at all times, that such license or authorization is valid, and that Customer and the broadcaster shall comply with the terms thereof. Customer shall promptly inform SES of any material change of such license or authorization or of any notice received from any authority or agency challenging or modifying such license or authorization.

(b) If the Channels are not subject to the laws of a Member State of the European Union, then Customer shall nevertheless be responsible for the compliance of Channels with the applicable legislation.

(c) Transmissions and any substantial change to transmissions (including a substantial change of the nature of the Channel(s) or if the Channel(s) do not fall any longer under the jurisdiction of the country originally determined) are subject to SES's approval and, if required under the applicable regulatory framework, to the approval of the competent regulator. If applicable, Customer shall provide to SES a copy of the respective broadcasting license or other authorization.

(d) A Party may use a trademark or logo of the other Party only with the prior written approval of the other Party, such approval not to be unreasonably withheld. If approved, such use shall be free of charge throughout the Service Term and solely for the purpose of indicating in any document, advertising or communication made or commissioned by such Party that the Channel(s) are transmitted via the SES satellite system. Each Party may at any time, at its discretion, withdraw its approval with immediate effect.

(e) Each Agreement is subject to the continuing right of SES to provide Service pursuant to the authorizations to operate its satellite system. If this right is withdrawn, then the Agreement will terminate automatically, unless the competent regulatory authority assumes SES's rights and obligations hereunder. In either case, SES is discharged of all liability and obligation to Customer.

(f) SES reserves the right to transition DTH Service on an SES ASTRA Fleet Satellite to a Collocated Transponder, provided that (i) the Minimum Transponder Performance stated in the applicable Service Order continues to be met by the Collocated Transponder, (ii) SES will endeavor to provide Customer advance notice of at least twenty four (24) hours in order for Customer to perform the necessary operations to uplink the Channel(s) to the Collocated Transponder (unless SES is responsible for uplinking the Channel(s)), and (iii) Customer shall make all necessary arrangements with the operator of the Uplink and/or Multiplex Facilities to accommodate such a transition.

10. Other Definitions Applicable to Appendix C .

Channel: means the channel transmitted via the SES ASTRA Fleet satellite and as specified by the Customer according to Section 8 of this Appendix C.

Control Facility: means SES's facility in Betzdorf, Luxembourg or such other facility as may be designated by SES.

Contribution Services: means satellite transmissions services received by head-ends of cable or terrestrial networks in order to redistribute the received signals within such networks.

Customer Downlink Signal: means the downlink RF (radio frequency) modulated time division multiplexed carrier carrying the Channel(s) from the Service Transponder.

Customer Signal: means the bit stream carrying the Channel(s), produced by Customer and transmitted, as the case may be, to the Uplink and/or the Multiplex Facilities for onward transmission via a Service Transponder.

Customer Uplink Signal: means the uplink RF modulated time division multiplexed carrier carrying the Channel(s), transmitted from the Uplink Facilities to the Service Transponder.

DTH Service: means satellite transmission services received directly by a recipient via a satellite dish at its premises, without any redistribution of the received satellite signal in any kind of cable or terrestrial network.

Minimum Transponder Performance: means a satellite single carrier saturation EIRP measured under clear sky conditions by a measurement test set-up according to standard engineering practice as described in Section 7 to be compared to the EIRP for the Transponder as stated in the Service Order. A Confirmed Outage shall only be deemed to occur if (i) the Received Signal Power falls below the Minimum Transponder Performance by more than one (1) dB, and (ii) the other conditions for a Confirmed Outage have been met.

Preemption: means the deliberate interruption or cessation of the availability of Service by SES, in accordance with the rules set out in Subsection 5(b), in order to restore the transmissions of another customer or in case of any satellite failure or transponder failure occurring on any SES ASTRA Fleet Satellite.

Received Signal Power: means the signal power in dBW at the Control Facility by a measurement test set-up according to standard engineering practice as described in Section 7. If the measurement is not performed under clear sky conditions, then the measured value shall be corrected to account for the effect of weather and propagation conditions.

Spare TWTA: means a spare transponder amplifier on the satellite and its associated components that is accessible for purposes of providing restoration and is capable of carrying communications traffic within the parameters as described in the Service Specifications for the Transponder to be restored.

Uplink and/or Multiplex Facilities: means all equipment and ancillary facilities used to transmit the Customer Uplink Signals to the satellite.

End of Appendix C

APPENDIX D

Additional Terms and Definitions for North American Fleet Satellites

1. **Scope.** The provisions of this Appendix D will apply to Service only if so indicated in a Service Order. For each Service Transponder, Customer shall be provided Service in accordance with the protection level stated in the Service Order (*e.g.*, Fully Protected Service, Transponder Protected Service, Non-Preemptible Service, Preemptible Service or Business Preemptible Service), as such protection level is defined and as the restoration rights are set forth in the Service Order.

2. **Use of Reverse Contract Order.** If it becomes necessary to preempt or otherwise discontinue Service, and operational circumstances allow SES to select services to be preempted or discontinued, then SES shall make such selections in "Reverse Contract Order". Reverse Contract Order means an order that is determined on a transponder-by-transponder basis with reference to (i) whether there is a single customer taking service on the entire transponder (for purposes of this definition, a "Full Transponder") or one or more customers each taking service on a fractional part of the transponder (for purposes of this definition, a "Fractional Transponder"), (ii) the protection level for service on the transponder, and (iii) the date on which a binding agreement for the taking of service on the transponder has been executed by both the customer and SES (for purposes of this definition, the "Execution Date"). The protection level for a Fractional Transponder is deemed to be the protection level of the customer with the highest protection level on such transponder. The Execution Date for a Fractional Transponder is deemed to be the earliest Execution Date of a customer agreement with the highest protection level on such transponder. If Reverse Contract Order is to be determined between more than one transponder, then Reverse Contract Order means: first, from the latest Execution Date to the earliest Execution Date as to Business Preemptible Services on Fractional Transponders; second, from the latest Execution Date to the earliest Execution Date as to Business Preemptible Services on Full Transponders; third, from the latest Execution Date to the earliest Execution Date as to Preemptible Services on Fractional Transponders; fourth, from the latest Execution Date to the earliest Execution Date as to Preemptible Services on Full Transponders; fifth, from the latest Execution Date to the earliest Execution Date as to Non-Preemptible Services on Fractional Transponders; sixth, from the latest Execution Date to the earliest Execution Date as to Non-Preemptible Services on Full Transponders; seventh, from the latest Execution Date to the earliest Execution Date as to Transponder Protected Services on Fractional Transponders; eighth, from the latest Execution Date to the earliest Execution Date as to Transponder Protected Services on Full Transponders; ninth, from the latest Execution Date to the earliest Execution Date as to Fully Protected Services on Fractional Transponders; and tenth, from the latest Execution Date to the earliest Execution Date as to Fully Protected Services on Full Transponders. Notwithstanding the foregoing, any service being provided to the United States Government or any department or agency thereof, whether directly or indirectly, may be deemed, in SES's sole discretion, to have a higher priority than Customer in the Reverse Contract Order. (This Section 2 will apply, notwithstanding the terms of Appendix A, Article II, Section 4.0.)

3. **Other Definitions Applicable to Appendix D.**

Confirmed Outage: for purposes of this Appendix D, the definition of Confirmed Outage in Appendix B is revised to insert "or the applicable Transponder Performance Specifications" after "Service Specifications" in the first sentence.

Preemptible Transponder: means a transponder on a satellite that is not entitled to restoration in the event of a transponder failure or a satellite failure and may be preempted at any time to restore (i) a satellite failure, (ii) a service or transponder that becomes a transponder failure and is entitled to preempt a Preemptible Service or Preemptible Transponder, or (iii) other service offerings of SES or any member of the SES Group, including but not limited to mass move protection, construction and launch delay protection, and launch failure protection.

Replacement Transponder: means a spare transponder amplifier on the satellite and its associated components that is accessible for purposes of providing restoration and is capable of carrying communications traffic within the parameters as described in the Service Specifications for the Transponder to be restored.

Restoration Satellite: means the satellite identified as such in the Service Order.

Transponder Failure: means, with respect to any Service Transponder, that such Transponder fails to meet the Transponder Performance Specifications in any material respect (i) for any period of five (5) consecutive Days; (ii) on twenty (20) or more occasions of fifteen (15) minutes or more during any ninety (90) consecutive Days; or (iii) for any period of time under circumstances that make it clearly ascertainable or predictable, based on satellite industry engineering standards, that a failure set forth in clauses (i) or (ii) will occur. For purpose of this definition, measurement of periods of failure shall commence when Customer has vacated its signal to permit verification of the failure by SES.

Transponder Performance Specifications: means the downlink EIRP power levels and saturated flux density ("SFD") levels for the Service Transponder(s) on a Satellite as referenced to the beam peak level location, as such EIRP power levels and SFD levels may be extrapolated by SES by measurements from one of its monitoring stations or at other convenient locations within the beam. The Transponder Performance Specifications for SES North American Fleet Satellites are made available to Customer at www.ses.com/technical. The downlink EIRP power levels and SFD levels may change from time to time in the event of the relocation of a Satellite. In the Satellite table, measurement accuracy is ±2.0 dB and SFD assumes a flux control attenuator set to 6 dB.

End of Appendix D

Exhibit 10.41

Compensation of Non-Employee Directors
(currently consisting of all members of the Board of Directors other than Dave Davis)

- Each non-employee director will be paid annual cash compensation of $75,000.
- The Lead Director will be paid additional annual cash compensation of $25,000.
- The chair of the Audit Committee will receive additional annual cash compensation of $25,000.
- All of these amounts are paid quarterly on or before the end of the quarter.

SUBSIDIARIES OF GLOBAL EAGLE ENTERTAINMENT INC.

The following is a list of subsidiaries of the Company as of December 31, 2014, omitting some subsidiaries which, considered in the aggregate, would not constitute a significant subsidiary.

Legal Name	Jurisdiction of Formation
DTI Software Inc.	Canada
Emphasis Video Entertainment Ltd.	Hong Kong
Entertainment in Motion, Inc.	California
IFE Holdings Ltd.	United Kingdom
IFE Services Ltd.	United Kingdom
IFES Acquisition Corp. Limited	United Kingdom
Global Eagle Entertainment GmbH	Germany
Global Eagle Entertainment Luxembourg I S.à r.l.	Luxemburg
Global Eagle Entertainment Luxembourg II S.à r.l.	Luxembourg
Global Entertainment GmbH	Germany
Inflight Production Ltd.	United Kingdom
Inflight Production, Inc.	California
Post Modern Edit, Inc.	Delaware
Row 44, Inc.	Delaware
Travel Entertainment Group Acquisitions Ltd.	United Kingdom
Travel Entertainment Group Equity Ltd.	United Kingdom
Travel Entertainment Group Ltd.	United Kingdom

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements:

(1) Registration Statement (Form S-3 No. 333-188121) of Global Eagle Entertainment Inc.,

(2) Registration Statement (Form S-8 No. 333-193052) pertaining to the 2013 Equity Incentive Plan, as amended, of Global Eagle Entertainment Inc.;

of our reports dated March 16, 2015, with respect to the consolidated financial statements of Global Eagle Entertainment Inc. and the effectiveness of internal control over financial reporting of Global Eagle Entertainment Inc. included in this Annual Report (Form 10-K) of Global Eagle Entertainment Inc. for the year ended December 31, 2014.

/s/ Ernst & Young LLP

Los Angeles, California
March 16, 2015

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form S-3 (File No. 333-188121) and the Registration Statement on Form S-8 (File No. 333-193052) of Global Eagle Entertainment Inc. (formerly known as Global Eagle Acquisition Corp) of our report dated March 15, 2013, except for note 21, as to which the date is August 8, 2013, with respect to the financial statements of Row 44, Inc. for the year ended December 31, 2012 included in this Annual Report on Form 10-K for Global Eagle Entertainment Inc. for the year ended December 31, 2014. Our report relating to the financial statements for the year ended December 31, 2012 contains an explanatory paragraph regarding the Row 44's ability to continue as a going concern as of December 31, 2012.

/s/ Rose, Snyder & Jacobs LLP

Encino, California
March 16, 2015

Exhibit 31.1

CERTIFICATION

I, David M. Davis, certify that:

1. I have reviewed this Annual Report on Form 10-K of Global Eagle Entertainment 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 statement 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 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 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 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 controls 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 controls over financial reporting.

Date: March 16, 2015

/s/ David M. Davis

David M. Davis
Chief Executive Officer and Director
(principal executive officer)

Exhibit 31.2

CERTIFICATION

I, Michael Zemetra, certify that:

1. I have reviewed this Annual Report on Form 10-K of Global Eagle Entertainment 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 statement 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 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 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 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 controls 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 controls over financial reporting.

Date: March 16, 2015

/s/ Michael Zemetra

Michael Zemetra
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer and Duly Authorized Officer)

Exhibit 32.1

CERTIFICATION OF PERIOD REPORT

I, David M. Davis, Chief Executive Officer and Director of Global Eagle Entertainment Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to the best of my knowledge:

(1) the Annual Report on Form 10-K of the Company for the year ended December 31, 2014 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 16, 2015	/s/ David M. Davis
	David M. Davis Chief Executive Officer and Director (principal executive officer)

Exhibit 32.2

CERTIFICATION OF PERIOD REPORT

I, Michael Zemetra, Chief Financial Officer and Treasurer of Global Eagle Entertainment Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to the best of my knowledge:

(1) the Annual Report on Form 10-K of the Company for the year ended December 31, 2014 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 16, 2015	/s/ Michael Zemetra
	Michael Zemetra
	Chief Financial Officer and Treasurer
	(Principal Financial and Accounting Officer and Duly Authorized Officer)