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

Form 10-K

(Mark One)

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

For the fiscal year ended March 31, 2017

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 (000-21767)

VIASAT, INC.
(Exact name of registrant as specified in its charter)

Delaware	**33-0174996**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6155 El Camino Real
Carlsbad, California 92009
(760) 476-2200
(Address of principal executive offices and telephone number)

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

(Title of Each Class)	(Name of Each Exchange on which Registered)
Common Stock, par value $0.0001 per share	**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 of 1933. ☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. ☐ 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 Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
		Emerging growth company	☐

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

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

The aggregate market value of the common stock held by non-affiliates of the registrant as of September 30, 2016 was approximately $3,440,363,796 (based on the closing price on that date for shares of the registrant's common stock as reported by the Nasdaq Global Select Market).

The number of shares outstanding of the registrant's common stock, $.0001 par value, as of May 12, 2017 was 57,628,633.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A in connection with its 2017 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K where indicated. Such Proxy Statement will be filed with the Securities and Exchange Commission not later than 120 days after the registrant's fiscal year ended March 31, 2017.

VIASAT, INC.

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PART I

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the Securities Act of 1933 and the Securities Exchange Act of 1934. These statements are based on current expectations, estimates, forecasts and projections about the industries in which we operate and the beliefs and assumptions of our management. We use words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “goal,” “intend,” “may,” “plan,” “project,” “seek,” “should,” “target,” “will,” “would,” variations of such words and similar expressions to identify forward-looking statements. In addition, statements that refer to projections of earnings, revenue, costs or other financial items; anticipated growth and trends in our business or key markets; future economic conditions and performance; the development, customer acceptance and anticipated performance of technologies, products or services; satellite construction and launch activities, including the launch, in-orbit testing, transfer of control to us and entry into service of our ViaSat-2 satellite; the performance and anticipated benefits of our ViaSat-2 and ViaSat-3 class satellites and any future satellite we may construct or acquire; the expected completion, capacity, service, coverage, service speeds and other features of our satellites, and the timing, cost, economics and other benefits associated therewith; expansion of the strategic partnering arrangement with Eutelsat S.A. (together with its affiliates, Eutelsat); anticipated subscriber growth; plans, objectives and strategies for future operations; and other characterizations of future events or circumstances, are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions that are difficult to predict. Factors that could cause actual results to differ materially include: our ability to realize the anticipated benefits of the ViaSat-2 and ViaSat-3 class satellites and any future satellite we may construct or acquire; unexpected expenses related to our satellite projects; our ability to realize the anticipated benefits of our strategic partnering arrangement with Eutelsat or any of our acquisitions; our ability to successfully implement our business plan for our broadband services on our anticipated timeline or at all; risks associated with the construction, launch and operation of satellites, including the effect of any anomaly, operational failure or degradation in satellite performance; our ability to successfully develop, introduce and sell new technologies, products and services; audits by the U.S. government; changes in the global business environment and economic conditions; delays in approving U.S. government budgets and cuts in government defense expenditures; our reliance on U.S. government contracts, and on a small number of contracts which account for a significant percentage of our revenues; reduced demand for products and services as a result of continued constraints on capital spending by customers; changes in relationships with, or the financial condition of, key customers or suppliers; our reliance on a limited number of third parties to manufacture and supply our products; increased competition; introduction of new technologies and other factors affecting the communications and defense industries generally; the effect of adverse regulatory changes on our ability to sell products and services; our level of indebtedness and ability to comply with applicable debt covenants; our involvement in litigation, including intellectual property claims and litigation to protect our proprietary technology; our dependence on a limited number of key employees; and other factors identified under the heading “Risk Factors” in Item 1A, elsewhere in this report and our other filings with the Securities and Exchange Commission (the SEC). Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.

ITEM 1. *BUSINESS*

Corporate Information

We were incorporated in California in 1986 under the name ViaSat, Inc., and subsequently reincorporated in Delaware in 1996. The mailing address of our worldwide headquarters is 6155 El Camino Real, Carlsbad, California 92009, and our telephone number at that location is (760) 476-2200. Our website address is *www.viasat.com.* The information on our website does not constitute part of this report.

Company Overview

We are an innovator in broadband technologies and services. Our end-to-end platform of high-capacity Ka-band satellites, ground infrastructure and user terminals enables us to provide cost-effective, high-speed, high-quality broadband solutions to enterprises, consumers and government users around the globe, whether on the ground, on the move or in flight. In addition, we develop and provide advanced wireless communications systems, secure networking systems and cybersecurity and information assurance products and services. Our product, system and service offerings are often linked through common underlying technologies, customer applications and market relationships. We believe that our portfolio of products and services, combined with our ability to effectively cross-deploy technologies between government and commercial segments and across different geographic markets, provides us with a strong foundation to sustain and enhance our leadership in advanced communications and networking technologies.

On May 4, 2015, our Board of Directors approved a change in our fiscal year from a 52 or 53 week fiscal year ending on the Friday closest to March 31 to a fiscal year ending on March 31 of each year, effective with the fiscal year commencing April 4, 2015. Beginning April 4, 2015, our fiscal quarters end on June 30, September 30, December 31 and March 31 of each year. Fiscal year 2015 was a 52 week year, whereas fiscal year 2016 was slightly shorter than 52 weeks due to the change in fiscal year beginning April 4, 2015. We do not believe that this difference in length of year had any material impact on our financial results.

On November 23, 2016, we completed the sale of an aggregate of 7,475,000 shares of ViaSat common stock in an underwritten public offering. Our net proceeds from the offering were approximately $503.1 million after deducting underwriting discounts and offering expenses. In November 2016, we used $225.0 million of the net proceeds from the offering to repay outstanding borrowings under our revolving credit facility (the Revolving Credit Facility). We expect to use the remaining net proceeds for general corporate purposes, which may include financing costs related to the purchase, launch and operation of satellites, potential acquisitions, joint ventures and strategic alliances, working capital or capital expenditures.

We conduct our business through three segments: satellite services, commercial networks and government systems. Financial information regarding our reporting segments and the geographic areas in which we deliver our services and products is included in the consolidated financial statements and notes thereto.

Satellite Services

Our satellite services segment provides satellite-based high-speed broadband services to consumers, enterprises, commercial airlines and mobile broadband customers. Our Exede® broadband services offer high-speed, high-quality broadband internet access primarily in the United States. We also offer high-speed internet and other in-flight services for a growing number of commercial aircraft both in the United States and abroad. Our satellite services business also provides a platform for the provision of network management services to domestic and international satellite service providers.

Our satellite services business uses our proprietary technology platform to provide broadband services with multiple applications. Our proprietary Ka-band satellites are at the core of our technology platform. Our first-generation high-capacity Ka-band spot-beam satellite, ViaSat-1, was placed into service in January 2012. At the time of launch we believe ViaSat-1 was the highest capacity, most cost-efficient satellite in the world, with a data throughput of approximately 140 Gigabits per second. Our ViaSat-2 satellite (our second-generation high-capacity Ka-band satellite design) is currently located at the Arianespace S.A. (Arianespace) launch facility in French Guiana and is undergoing preparations for launch into orbit. Due to recent civil unrest in French Guiana, the launch date of our ViaSat-2 satellite was further delayed and is currently expected to occur in June 2017 following completion of the launch preparation process. We expect that our ViaSat-2 satellite will significantly expand our data throughput capacity, enabling us to improve the speed, availability and geographic coverage area of our broadband services. In addition, we currently have two ViaSat-3 class satellites under construction. Our

ViaSat-3 class satellites are our third-generation high-capacity Ka-band satellite design and are designed to further expand our data throughput capacity and geographic coverage area and to support the flexible allocation of capacity to dynamically respond to changing capacity demands, thereby improving the speed, availability and cost-efficiency of our proprietary Ka-band satellite network. We anticipate that our two ViaSat-3 class satellites under construction will be launched in approximately three to four years. We also own the WildBlue-1 satellite, which was placed into service in March 2007.

We believe that growth in our satellite services segment will be driven in the coming years by continued rapid growth in demand for high-speed broadband services across the globe, driven both by continued increases in the number of internet users and connected devices and by increasing data usage, including for video streaming and mobile and in-flight connectivity. The primary services offered by our satellite services segment are comprised of:

- *Fixed Broadband Services.* We offer satellite-based fixed broadband services under the Exede and WildBlue® brands to consumers and businesses primarily in the United States. Our broadband offerings provide users with high-speed broadband internet access and Voice over Internet Protocol (VoIP) services. We offer a range of service plans, with pricing based on a number of different factors, including available capacity, bandwidth limits, service quality levels, bundled offerings and terms of distribution. We also offer wholesale and retail fixed broadband services to our national and regional distribution partners, including direct-to-home satellite video providers, retail service providers and communications companies. As of March 31, 2017, we provided fixed broadband services to approximately 659,000 consumer and small business subscribers.
- *In-Flight Services.* Our award-winning in-flight services (including our flagship ViaSat in-flight internet services) provide industry-leading in-flight internet and aviation software services to commercial airlines. The data throughput capacity of our in-flight internet services enables commercial airlines to offer more passengers on more flights the ability to enjoy high-speed internet services such as streaming video. As of March 31, 2017, 559 commercial aircraft were in service utilizing our in-flight internet services.
- *Mobile Broadband Services.* Our mobile broadband services provide global network management and high-speed internet connectivity services for customers using airborne, maritime and ground-mobile satellite systems.
- *Enterprise Broadband Services.* We offer a variety of other broadband services to enterprises, including business connectivity, live on-line event streaming, oil and natural gas data gathering services and high-definition satellite news gathering.

On November 14, 2016, we completed the acquisition of Aerodocs Limited (Arconics), a privately held company focused on wireless in-flight entertainment management software services. The Arconics purchase price of $21.6 million was comprised of approximately $16.6 million in cash consideration paid to former Arconics equity holders and $5.0 million related to the fair value of 61,888 shares of our common stock issued at the closing. The approximately $16.6 million in cash consideration paid to former Arconics equity holders less cash acquired of $0.6 million resulted in a net cash outlay by us of approximately $16.0 million. The Arconics purchase price was primarily allocated to acquired technology and customer relationships intangible assets, and goodwill. Through this acquisition we gained broader expertise, aviation-grade software and mobile applications to make flying safer and more efficient for pilots, cabin crews and flight operations teams, as well as applications that are expected to create new opportunities for passenger entertainment and airline services and revenue. The consolidated financial statements include the operating results of Arconics in our satellite services segment from the date of acquisition.

On March 3, 2017, we consummated our strategic partnering arrangement with Eutelsat for the ownership and operation of satellite broadband infrastructure and equipment, and provision of satellite-based broadband internet services in the European region. At the closing of the transaction, Eutelsat contributed and transferred assets relating to its existing wholesale satellite broadband business (including its KA-SAT satellite) to a subsidiary of Eutelsat, Euro Broadband Infrastructure Sàrl (Euro Infrastructure Co.) in exchange for the issuance of new shares in such subsidiary, and immediately following such contribution and issuance, we purchased 49% of the issued shares of Euro Infrastructure Co. from Eutelsat for cash consideration of $139.5 million. Our total net cash outlay for this investment in Euro Infrastructure Co., including approximately $2.4 million of transaction costs, was approximately $141.9 million. Also at the closing, Eutelsat purchased 49% of the issued shares of our subsidiary, Euro Broadband Retail Sàrl (Euro Retail Co.), for an immaterial amount. Under the strategic partnering arrangement, Euro Infrastructure Co. owns and operates the KA-SAT satellite and related assets and offers wholesale satellite capacity services in the European region, and the majority-ViaSat owned subsidiary, Euro Retail Co., purchases wholesale satellite capacity services and offers retail satellite-based broadband internet services in the European region.

Commercial Networks

Our commercial networks segment develops and produces a variety of advanced satellite and wireless products, systems and solutions that enable the provision of high-speed fixed and mobile broadband services. Our products, systems and solutions include an array of satellite-based and wireless broadband platforms, networking equipment, space hardware, radio frequency and advanced microwave solutions, space-to-earth connectivity systems, customer premise equipment (CPE), satellite modems and antenna technologies, as well as satellite payload development and ASIC chip design. Our products, systems and solutions are generally developed through a combination of customer and discretionary internal research and development funding, are utilized to provide services through our satellite services segment and are also sold to commercial networks customers (with sales of complementary products, systems and solutions to government customers included in our government systems segment).

We believe growth in our commercial networks segment will be driven in the coming years by continued growth in worldwide demand for mobile and fixed connectivity, ground networking equipment and products that enable or support access to high-speed broadband services, and by the increasing cost-effectiveness of satellite technologies to rapidly deploy broadband services across wide geographic areas and to large numbers of people within the satellite footprint. Our commercial networks segment also leverages the deployment of our own proprietary high-capacity Ka-band satellites, as well as Ka-band satellites operated or being built for third parties around the world, by providing the ground infrastructure and user terminals that access the satellites. The primary products, systems, solutions and services offered by our commercial networks segment are comprised of:

- *Mobile Broadband Satellite Communication Systems.* Our mobile satellite communication systems and related products provide high-speed, cost-efficient broadband access while on the move via small transceivers, and are designed for use in aircraft and seagoing vessels.
- *Fixed Satellite Networks.* We are a leading end-to-end network technology supplier for the fixed satellite consumer and enterprise markets. Our next-generation satellite network infrastructure and ground terminals are designed to access Ka-band broadband services on high-capacity satellites. Our SurfBeam® network systems and modems enable satellite broadband access for residential or home office customers. We also offer related products and services to enterprise customers to address bandwidth constraints, latency and other issues, such as our AcceleNet® wide area network (WAN) optimization product, which enables enterprise customers to optimize "cloud computing" services and other applications delivered over WANs.
- *Antenna Systems.* We develop, design, produce, test and install ground terminals and antennas for terrestrial and satellite applications, specializing in earth imaging, remote sensing, mobile satellite communication, Ka-band earth stations and other multi-band antennas.
- *Satellite Networking Development.* We offer specialized design and technology services covering all aspects of satellite communication system architecture and technology, including the analysis, design, development and specification of satellite and ground systems, fabless semiconductor design for ASIC

and MMIC chips and WAN compression for enterprise networks, as well as a wide range of modules and subsystems for various commercial, military and space uses, and radio frequency and advanced microwave solutions. We also design and develop high-capacity Ka-band satellites as part of our commercial networks segment (both for our own satellite fleet and for third parties) and design, develop and produce the associated satellite payload technologies. Our research and development investments in our ViaSat-3 class satellites currently under construction are expected to continue to negatively impact our financial results in our commercial networks segment in fiscal year 2018, with our investments in related ground infrastructure development continuing in subsequent fiscal years.

Government Systems

Our government systems segment provides global mobile broadband services to military and government users, and develops and produces network-centric Internet Protocol (IP)-based fixed and mobile secure communications products and solutions that are designed to enable the collection and dissemination of secure real-time digital information between individuals on the tactical edge, command centers, strategic communications nodes, ground and maritime platforms and airborne intelligence and defense platforms. Customers of our government systems segment include the U.S. Department of Defense (DoD), allied foreign governments, allied armed forces, public safety first-responders and remote government employees.

We believe growth in our government systems segment in the coming years will be driven by continued growth in demand for secure, higher-capacity, higher-quality broadband services, associated ground systems and advanced cybersecurity protections. This continued demand reflects the U.S. military's emphasis on "network-centric" highly mobile warfare over geographically dispersed areas (which requires the development and deployment of secure, IP-based communications networks, products and service offerings capable of supporting real-time dissemination of data using multiple transmission media) and increased use of IP-based network-centric and bandwidth-intensive applications at all organizational levels. Satellite-based systems are increasingly seen as the most reliable method of connecting rapidly moving armed forces that may out-run the range of terrestrial line-of-sight radio links. High-speed broadband beyond-line-of-sight connectivity is increasingly required to support real-time command and control decision-making and enhanced situational awareness.

The primary products and services of our government systems segment include:

- *Government Mobile Broadband.* Our government mobile broadband products and services provide military and government users with high-speed, real-time broadband and multimedia connectivity in key regions of the world. Our government mobile broadband services include high-bandwidth global communications services in support of very important person and senior level airborne operations and emergency response, as well as line-of-sight and beyond-line-of-sight Intelligence, Surveillance, and Reconnaissance (ISR) missions. Our government mobile broadband products include mobile broadband modems, terminals, network access control systems and antenna systems using a range of satellite frequency bands capable of being installed and operated on a wide variety of fixed wing, rotary wing, manned and unmanned aircraft.
- *Government Satellite Communication Systems.* Our government satellite communication systems offer an array of portable, mobile and fixed broadband modems, terminals, network access control systems and antenna systems using a range of satellite frequency bands for Command and Control (C2) missions, satellite networking services and network management systems for Wi-Fi and other internet access networks. Our systems, products and service offerings are designed to support high-throughput broadband data links, to increase available bandwidth using existing satellite capacity, and to withstand certain catastrophic events. Our range of broadband modems, terminals and systems support high-speed broadband and multimedia transmissions over point-to-point, mesh and hub-and-spoke satellite networking systems, and include products designed for manpacks, aircraft, unmanned aerial vehicles (UAVs), seagoing vessels, ground-mobile vehicles and fixed applications.

- *Cybersecurity and Information Assurance.* Our cybersecurity and information assurance products and services provide advanced, high-speed IP-based "Type 1" and High Assurance Internet Protocol Encryption (HAIPE®)-compliant encryption solutions that enable military and government users to communicate information securely over networks, and that secure data stored on computers and storage devices. Our encryption products and modules use a programmable, high-assurance architecture that can be easily upgraded in the field or integrated into existing communication networks, and are available both on a stand-alone basis and as embedded modules within our tactical radio, information distribution and other satellite communication systems and products.
- *Tactical Data Links.* We develop and produce advanced tactical radio and information distribution systems that enable secure voice and real-time collection and dissemination of video and data using secure, jam-resistant transmission links from manned and unmanned aircraft, ground mobile vehicles, individual warfighters and other remote platforms to networked communication and command centers. Key products in this category include our Battlefield Awareness and Targeting System — Dismounted (BATS-D) handheld Link 16 radios, our KOR-24A 2-channel Small Tactical Terminal for manned and unmanned applications, "disposable" defense data links, our Multifunctional Information Distribution System (MIDS) terminals for military fighter jets and their successor, MIDS Joint Tactical Radio System (MIDS-JTRS) terminals.

Our Strengths

We believe the following strengths position our business to capitalize on the attractive growth opportunities presented in our business segments:

- *Vertically Integrated End-to-End Platform of Leading Broadband Technologies*. We believe our innovative ecosystem of high-capacity Ka-band satellites, ground infrastructure and user terminals provides a vertically integrated end-to-end platform that uniquely positions us to cost-effectively deliver a diverse portfolio of high-speed, high-quality broadband solutions and applications to enterprises, consumers and government users. Our product, system and service offerings are often linked through common underlying technologies, customer applications and market relationships. We believe that many of the market segments in which we compete have significant barriers to entry relating to the complexity of technology and the amount of required investment, and that limited competition exists for broadband services at higher data speeds. We believe that our comprehensive and vertically integrated portfolio of satellites, products and services, combined with our ability to effectively cross-deploy technologies between government and commercial segments and across different geographic markets, provides us with a strong foundation to sustain and enhance our leadership in broadband technologies and services.
- *Innovation of Next-Generation Satellite Technology.* We have a long history of innovation in next-generation satellite technologies. Since our inception, we have designed and produced advanced satellite communications systems and equipment. Our award-winning first-generation high-capacity Ka-band spot-beam satellite, ViaSat-1, was placed into service in January 2012. In February 2012, the Society of Satellite Professionals International bestowed an Industry Innovators Award on us in recognition of the development and launch of our ViaSat-1 satellite and, with its data throughput of approximately 140 Gigabits per second, in 2013 ViaSat-1 earned a Guinness World Records® title as the highest-capacity communications satellite in the world. We expect our second-generation ViaSat-2 satellite will be launched into orbit in June 2017 following completion of the launch preparation process, and that this satellite will significantly expand our data throughput capacity, enabling us to improve the speed, availability and geographic coverage area of our broadband services. Our third-generation ViaSat-3 class satellites (two of which are currently under construction) are designed to further expand our data throughput capacity and geographic coverage area and to support the flexible allocation of capacity to dynamically respond to changing capacity demands, thereby improving the speed, availability and cost-efficiency of our proprietary Ka-band satellite network. Our market-leading

in-flight internet service has received numerous awards and accolades, including the Crystal Cabin Award for the best Passenger Comfort System in April 2015 and the Excellence in Avionics Award for In-Flight Connectivity Innovation in July 2015. We believe that our innovative satellite technologies and investments in the associated ground infrastructure will enable us to provide greater capacity and faster broadband speeds. We believe our history of developing proprietary and innovative satellite technologies spanning spacecraft, ground infrastructure, user terminals and network design demonstrates that we possess the expertise and credibility required to serve the evolving technology needs of our customers.

- *Diversification of Business Model*. Our business is highly diversified, ranging from the provision of fixed broadband services to consumers and enterprises, to the provision of in-flight services to commercial airlines, to the sale of complex satellite communication systems and products to communications service providers and enterprises, to the sale of advanced wireless communications systems, secure networking systems and cybersecurity and information assurance products and other communications services to government users and defense contractors. This diversification in product and service offerings, customer base and market segment helps to reduce our exposure to fluctuations in any of the individual markets we serve. In addition, the flexibility in our business model allows us to allocate our satellite capacity to markets where bandwidth usage demands and returns are highest. During fiscal years 2017, 2016 and 2015, our satellite services segment generated 40%, 39% and 36% of total revenues, our commercial networks segment generated 16%, 18% and 25% of total revenues, and our government systems segment generated 44%, 43% and 39% of total revenues, respectively.
- *Blue-Chip Customer Base and Favorable Consumer Plans.* Our customers include the DoD, large defense contractors, allied foreign governments, civil agencies, satellite network integrators, large communications service providers, commercial airlines and enterprises requiring complex communications and networking solutions and services. We believe that the credit strength of our key customers, including the U.S. government, leading aerospace and defense prime contractors and commercial airlines, as well as our favorable consumer broadband plans, help support more consistent financial performance.
- *Experienced Management Team.* Our core management team, including our Chief Executive Officer, has been with the company since its inception in 1986. Mr. Dankberg is considered to be a leading expert in the field of satellite and wireless communications. In 2008, Mr. Dankberg received the prestigious AIAA Aerospace International Communication award, which recognized him for “shepherding ViaSat into a leading satellite communications company through outstanding leadership and technical expertise.” In 2013, Mr. Dankberg received the Innovator Award from the Arthur C. Clarke Foundation. In 2015, Mr. Dankberg was inducted into the Society of Satellite Professionals Hall of Fame for his leadership and visionary role in satellite communications. Most recently in 2017, Mr. Dankberg became an elected member of the National Academy of Engineering.

Our Strategy

Our business strategy is to be a leading provider of high-speed and cost-effective broadband and advanced communications products and services, utilizing our leading satellite and Wi-Fi technologies and capabilities. The principal elements of our strategy include:

- *Maintain Focus on Technology Leadership.* We will continue to focus on research and development to bring high-capacity, high-speed broadband communications to the global market. Our innovative satellite and product development has been one of our hallmarks, and we intend to focus on maintaining our leadership position in satellite technologies and services, while continuing to expand our efforts in wireless communications, cloud networking and security. Our research and development efforts are supported by an employee base of over 2,200 engineers and a culture that deeply values innovation.

- *Continue to Expand our Addressable Markets.* As the capacity, data throughput speeds and geographic coverage areas of our satellite systems continue to increase (with each generation of our high-capacity Ka-band satellite designs), we expect the addressable market for our broadband technologies, products and services (whether consumer, enterprise, commercial airline or government) to similarly expand. Higher capacity, more flexible satellites allow us to offer cost-effective broadband services that allow greater data usage at faster speeds, thereby enabling us to better compete against other broadband technologies (including terrestrial technologies) over large geographic areas. As the speed of our broadband offerings increases, we expect the number of companies able to provide competing broadband offerings at equivalent speeds to decrease.
- *Drive Cost Efficiencies.* We continue to drive cost efficiencies in our businesses through our strategy of vertical integration. We optimize our satellite network systems through our development of an end-to-end platform of next-generation Ka-band satellites, ground networking equipment and user terminals that enable the provision of high-speed broadband services. Our ViaSat-3 class satellites are expected to further drive cost efficiencies through their ability to efficiently and dynamically match supply and demand through the flexible allocation of capacity within the satellite footprint.
- *Focus on International Opportunities.* We believe that international markets represent an attractive opportunity for our business. As worldwide demand for broadband connectivity and services continues to grow, we expect that our comprehensive offering of next-generation Ka-band satellites, satellite-enabled community Wi-Fi hotspots, advanced end-to-end communication systems and ground networking equipment and products, and their ability to enable cost-effective, high-speed broadband services, will be increasingly attractive internationally. Our ViaSat-2 satellite is expected to provide seven times the geographic coverage of ViaSat-1, and our first two ViaSat-3 class satellites (currently under construction) are expected to provide broadband services over the Americas and the EMEA region, respectively, thereby making our cost-effective, high-speed broadband service offerings available to new markets.
- *Pursue Growth Through Strategic Alliances, Partnering Arrangements and Relationships.* We actively seek strategic relationships and joint ventures with companies whose financial, marketing, operational or technological resources can accelerate the introduction of new technologies and the penetration of new markets. For example, in March 2017 we consummated a strategic partnering arrangement with Eutelsat to expand our provision of broadband services in the European region. In our government systems segment, we regularly enter into teaming arrangements with other government contractors to more effectively capture complex government programs. We have also engaged in strategic relationships with companies that have innovative technologies and products, highly skilled personnel, market presence, or customer relationships and distribution channels that complement our strategy. We may continue to evaluate acquisitions of, or investments in, complementary companies, businesses, products or technologies to supplement our internal growth.

Our Customers

Our customer base is highly diversified. Customers in our satellite services segment include residential customers, commercial airlines, small businesses and other enterprise customers of our broadband services. The customers of our government systems and commercial networks segments include the DoD, U.S. National Security Agency, the U.S. Department of Homeland Security, allied foreign governments, select other U.S. federal, state and local government agencies, commercial and defense contractors, satellite network integrators, large communications service providers and enterprises requiring complex communications and networking solutions. We enter into government contracts either directly with U.S. or foreign governments, or indirectly through domestic or international partners or resellers. In our commercial networks segment, we also act as both a prime contractor and subcontractor for the sale of equipment and services.

Revenues from the U.S. government as an individual customer comprised approximately 29%, 24% and 23% of total revenues for fiscal years 2017, 2016 and 2015, respectively. None of our commercial customers comprised 10% or more of total revenues in fiscal years 2017, 2016 and 2015.

U.S. Government Contracts

Substantial portions of our revenues are generated from contracts and subcontracts with the DoD and other federal government agencies. Many of our contracts are subject to a competitive bid process and are awarded on the basis of technical merit, personnel qualifications, experience and price. We also receive some contract awards involving special technical capabilities on a negotiated, noncompetitive basis due to our unique technical capabilities in special areas. The Federal Acquisition Streamlining Act of 1994 has encouraged the use of commercial type pricing, such as firm fixed-price contracts, on dual use products. Our future revenues and income could be materially affected by changes in government procurement policies and related oversight, a reduction in expenditures for the products and services we provide, and other risks generally associated with federal government contracts.

We provide products under federal government contracts that usually require performance over a period of several months to multiple years. Long-term contracts may be conditioned upon continued availability of congressional appropriations. Variances between anticipated budget and congressional appropriations may result in a delay, reduction or termination of these contracts.

Our federal government contracts are performed under cost-reimbursement contracts, time-and-materials contracts and fixed-price contracts. Cost-reimbursement contracts provide for reimbursement of costs and payment of a fee. The fee may be either fixed by the contract or variable, based upon cost control, quality, delivery and the customer's subjective evaluation of the work. Under time-and-materials contracts, we receive a fixed amount by labor category for services performed and are reimbursed for the cost of materials purchased to perform the contract. Under a fixed-price contract, we agree to perform specific work for a fixed price and, accordingly, realize the benefit or detriment to the extent that the actual cost of performing the work differs from the contract price. In fiscal year 2017, approximately 15% of our total government revenues was generated from cost-reimbursement contracts with the federal government or our prime contractors, approximately 1% from time-and-materials contracts and approximately 84% from fixed-price contracts.

Our allowable federal government contract costs and fees are subject to audit and review by the Defense Contracting Management Agency (DCMA) and the Defense Contract Audit Agency (DCAA), as discussed below under "— Regulatory Environment — Other Regulations."

Our federal government contracts may be terminated, in whole or in part, at the convenience of the U.S. government. If a termination for convenience occurs, the U.S. government generally is obligated to pay the cost incurred by us under the contract plus a pro rata fee based upon the work completed. Contracts with prime contractors may have negotiated termination schedules that apply. When we participate as a subcontractor, we are at risk if the prime contractor does not perform its contract. Similarly, when we act as a prime contractor employing subcontractors, we are at risk if a subcontractor does not perform its subcontract.

Some of our federal government contracts contain options that are exercisable at the discretion of the customer. An option may extend the period of performance for one or more years for additional consideration on terms and conditions similar to those contained in the original contract. An option may also increase the level of effort and assign new tasks to us. In our experience, options are exercised more often than not.

Our eligibility to perform under our federal government contracts requires us to maintain adequate security measures. We have implemented security procedures that we believe adequately satisfy the requirements of our federal government contracts.

Research and Development

The industries in which we compete are subject to rapid technological developments, evolving standards, changes in customer requirements and continuing developments in the communications and networking environment. Our continuing ability to adapt to these changes, and to develop innovative satellite technologies and new and enhanced products and services, is a significant factor in maintaining or improving our competitive position and our prospects for growth. Therefore, we continue to make significant investments in next-generation satellite technologies and product development.

We conduct the majority of our research and product development activities in-house and have a research and development and engineering staff, which includes over 2,200 engineers. Our product development activities focus on products that we consider viable revenue opportunities to support all of our business segments. A significant portion of our research and development efforts for our products have generally been conducted in direct response to the specific requirements of a customer's order and, accordingly, these amounts are included in the cost of sales when incurred and the related funding is included in revenues at that time.

The portion of our contract revenues which includes research and development funded by government and commercial customers was approximately 19%, 20% and 23% of our total revenues during fiscal years 2017, 2016 and 2015, respectively. In addition, we incurred $129.6 million, $77.2 million and $46.7 million during fiscal years 2017, 2016 and 2015, respectively, on independent research and development (IR&D) expenses, which comprise research and development not directly funded by a third party. Funded research and development contains a profit component and is therefore not directly comparable to IR&D. As a U.S. government contractor, we also are able to recover a portion of our IR&D expenses, consisting primarily of salaries and other personnel-related expenses, supplies and prototype materials related to research and development programs.

Intellectual Property

We seek to establish and maintain our proprietary rights in our technology and products through a combination of patents, copyrights, trademarks, trade secrets and contractual rights. We also seek to maintain our trade secrets and confidential information through nondisclosure policies, the use of appropriate confidentiality agreements and other security measures. We have registered a number of patents and trademarks in the United States and in other countries and have a substantial number of patent filings pending determination. There can be no assurance, however, that these rights can be successfully enforced against competitive products in any particular jurisdiction. Although we believe the protection afforded by our patents, copyrights, trademarks, trade secrets and contracts has value, the rapidly changing technology in the networking, satellite and wireless communications industries and uncertainties in the legal process make our future success dependent primarily on the innovative skills, technological expertise and management abilities of our employees rather than on the protections afforded by patent, copyright, trademark and trade secret laws and contractual rights. Accordingly, while these legal protections are important, they must be supported by other factors such as the expanding knowledge, ability and experience of our personnel, and the continued development of new products and product enhancements.

Certain of our products include software or other intellectual property licensed from third parties. While it may be necessary in the future to seek or renew licenses relating to various aspects of our products, we believe, based upon past experience and standard industry practice, that such licenses generally could be obtained on commercially reasonable terms. Nonetheless, there can be no assurance that the necessary licenses would be available on acceptable terms, if at all. Our inability to obtain these licenses or other rights or to obtain such licenses or rights on favorable terms, or the need to engage in litigation regarding these matters, could have a material adverse effect on our business, operating results and financial condition.

The industry in which we compete is characterized by rapidly changing technology, a large number of patents, and frequent claims and related litigation regarding patent and other intellectual property rights. We cannot assure you that our patents and other proprietary rights will not be challenged, invalidated or circumvented, that others will not assert intellectual property rights to technologies that are relevant to us, or that our rights will give us a competitive advantage. In addition, the laws of some foreign countries may not protect our proprietary rights to the same extent as the laws of the United States.

Sales and Marketing

We have a sales presence in various domestic and foreign locations, and we sell our products and services both directly and indirectly through channel partners, as described below:

- *Satellite Services Sales Organization.* Our satellite services sales organization for our broadband internet services sells directly to residential customers in our retail channel through our Exede website, sales call centers and through over 1,000 active retailer dealers (including DirecTV). Our satellite services sales organization also includes direct sales and business development personnel who work with enterprises, enterprise-focused master agents and commercial airlines to identify business opportunities and develop solutions for customers' needs.
- *Commercial Networks Sales Organization.* Our commercial networks sales organization consists of sales managers and sales engineers, who act as the primary interface to establish account relationships and determine technical requirements for customer networks. In addition to our sales force, we maintain a highly trained service staff to provide technical product and service support to our customers. The sales cycle in the commercial network market is often lengthy and it is not unusual for a sale to take up to 18 months from the initial contact through the execution of the agreement. The sales process often includes several network design iterations, network demonstrations and pilot networks consisting of a few sites.
- *Government Systems Sales Organization.* Our government systems sales organization consists of both direct sales personnel who sell our standard products, and business development personnel who work with engineers, program managers, marketing managers and contract managers to identify business opportunities, develop customer relationships, develop solutions for customers' needs, prepare proposals and negotiate contractual arrangements. The period of time from initial contact through the point of product sale and delivery can take over three years for more complex product developments. Products already in production can usually be delivered to a customer between 90 to 180 days from the point of product sale.
- *Strategic Partners.* To augment our direct sales efforts, we seek to develop key strategic relationships to market and sell our products and services. We direct our sales and marketing efforts to our strategic partners, primarily through our senior management relationships. In some cases a strategic ally may be the prime contractor for a system or network installation and will subcontract a portion of the project to us. In other cases, the strategic ally may recommend us as the prime contractor for the design and integration of the network. We seek strategic relationships and partners based on many factors, including financial resources, technical capability, geographic location and market presence.

Our marketing team works closely with our sales, research and product development organizations and our customers to increase the awareness of the ViaSat brand through a mix of positive program performance and our customers' recommendation as well as corporate and marketing communications, public relations, advertising, trade show participation and conference speaking engagements by providing communications that keep the market current on our products and features. Our marketing team also identifies and sizes new target markets for our products and services, creates awareness of our company and our portfolio of offerings, and generates contacts and leads within these targeted markets.

Competition

The markets in which we compete are characterized by rapid change, converging technologies and a migration to solutions that offer higher capacity and speed and other superior advantages. These market factors represent both an opportunity and a competitive threat to us. In many cases our competitors can also be our customers or partners. Accordingly, maintaining an open and cooperative relationship is important. The overall number of our competitors may increase, and the identity and composition of competitors may change. As we continue to expand our business globally, we may see new competition in different geographic regions.

To compete, we emphasize:

- the high-speed, high-quality and broad geographic availability of our broadband services;
- our proven designs and network integration services for complex, customized network needs;
- the increased bandwidth efficiency offered by our networks, products and services;
- the innovative and flexible features integrated into our products and services;
- our network management experience;
- our end-to-end network implementation capabilities;
- the distinct advantages of satellite data networks;
- technical advantages and advanced features of our antenna systems as compared to our competitors' offerings; and
- the overall cost-effectiveness of our communications systems, products and services.

While we believe we compete successfully on each of these factors, we expect to continue to face intense competition in each of our markets.

In our satellite services segment, we face competition for consumer and enterprise broadband services both from existing competitors and emerging technologies. Our residential and other fixed broadband service offerings compete with broadband service offerings from wireline and wireless telecommunications companies, cable companies, satellite companies and internet service providers. Many of our competitors are larger than us, have substantial capital resources, have greater brand recognition, have access to spectrum or technologies not available to us, or are able to offer bundled service offerings that we are not able to duplicate, all of which may reduce demand for our broadband services. In addition, the broadband services market continues to see industry consolidation and vertical integration, which may enable our competitors to provide competing services to broader customer segments. New entrants, some with significant financial resources, and new emerging technologies (including 5G) may compete with our broadband service offerings. Additionally, wireless telecommunications carriers such as AT&T, Sprint, T-Mobile and Verizon are currently offering unlimited data plans that could attract existing and future Exede residential subscribers. Our in-flight internet service offerings compete against air-to-ground mobile services and other satellite-based services, such as the services offered by Global Eagle, Gogo and Panasonic Avionics Corporation. We believe that our Ka-band satellite-based in-flight internet services offer a competitive combination of high-speed and data throughput capacity, that enable commercial airlines to offer more passengers on more flights the ability to enjoy high-speed broadband services such as streaming video.

In our commercial networks segment, we compete with numerous other providers of satellite and terrestrial communications systems, products and equipment, including: Airbus, ASC Signal, Comtech, General Dynamics, Gilat, EchoStar (Hughes Network Systems), iDirect Technologies, L-3 Communications, Newtec, Panasonic, Space Systems/Loral (SS/L) (MacDonald Dettwiler and Associates), Thales and Zodiac Data Systems. In addition, some of our customers continuously evaluate whether to develop and manufacture their own products and could elect to compete with us at any time.

Within our government systems segment, we generally compete with government communications service providers and manufacturers of defense electronics products, systems or subsystems, such as BAE Systems, General Dynamics, Harris, Inmarsat, Intelsat, Rockwell Collins and similar companies. We may also compete directly with the largest defense prime contractors, including The Boeing Company (Boeing), Lockheed Martin, Northrop Grumman and Raytheon Systems. In many cases we partner with our competitors, and therefore maintaining an open and cooperative relationship is important.

Many of our competitors in our commercial networks and government systems segments have significant competitive advantages, including strong customer relationships, more experience with regulatory compliance, greater financial and management resources and access to technologies not available to us. Many of our competitors are also substantially larger than we are and may have more extensive engineering, manufacturing and marketing capabilities than we do. As a result, these competitors may be able to adapt more quickly to changing technology or market conditions or may be able to devote greater resources to the development, promotion and sale of their products.

Manufacturing

Our manufacturing objective is to produce high-quality products that conform to specifications at the lowest possible manufacturing cost. To achieve this objective, we primarily utilize a range of contract manufacturers that are selected based on the production volumes and complexity of the product. By employing contract manufacturers, we are able to reduce the costs of products and support rapid fluctuations in delivery rates when needed. As part of our manufacturing process, we conduct extensive testing and quality control procedures for all products before they are delivered to customers.

Contract manufacturers produce products for many different customers and are able to pass on the benefits of large-scale manufacturing to their customers. These manufacturers are able to produce high quality products at lower costs by: (1) exercising their high-volume purchasing power, (2) employing advanced and efficient production equipment and capital intensive systems whose costs are leveraged across their broad customer base, and (3) using a cost-effective skilled workforce. Our primary contract manufacturers include Airbus, Benchmark, CyberTAN, Davida Technology Partners, Flextronics, Harris, IEC Electronics Corporation, Microelectronics Technology, Plexus, Regal Technology Partners and Sanmina-SCI.

Our experienced management team facilitates an efficient contract manufacturing process through the development of strong relationships with a number of different domestic and off-shore contract manufacturers. By negotiating beneficial contract provisions and purchasing some of the equipment needed to manufacture our products, we retain the ability to move the production of our products from one contract manufacturing source to another if required. Our operations management has experience in the successful transition from in-house production to contract manufacturing. The degree to which we employ contract manufacturing depends on the maturity of the product and the forecasted production life cycle. We intend to limit our internal manufacturing capacity to supporting new product development activities, building customized products that need to be manufactured in strict accordance with a customer's specifications or delivery schedules, and building proprietary, highly sensitive ViaSat-designed products and components for use in our proprietary technology platform. Therefore, our internal manufacturing capability for standard products has been, and is expected to continue to be, very limited and we intend to continue to rely on contract manufacturers for large-scale manufacturing. We also rely on outside vendors to manufacture specific components and subassemblies used in the production of our products. Some components, subassemblies and services necessary for the manufacture of our products are obtained from a sole source supplier or a limited group of suppliers.

Regulatory Environment

We are required to comply with the laws and regulations of, and often obtain approvals from, national and local authorities in connection with the services that we provide. In particular, we provide a number of services that rely on the use of radio-frequency spectrum, and the provision of such services is highly regulated. National authorities generally require that the satellites they authorize be operated in a manner consistent with the regulations and procedures of the International Telecommunication Union (ITU), a specialized agency of the United Nations, which require the coordination of the operation of satellite systems in certain circumstances, and more generally are intended to avoid the occurrence of harmful interference among different users of the radio spectrum.

We also produce a variety of communications systems and networking equipment, the design, manufacture, and marketing of which are subject to the laws and regulations of the jurisdictions in which we sell such equipment. We are subject to export control laws and regulations, and trade and economic sanctions laws and regulations, with respect to the export of such systems and equipment. As a government contractor, we are subject to U.S. procurement laws and regulations.

Radio-frequency and Communications Regulation

International Telecommunication Union (ITU)

The orbital location and frequencies for our satellites are subject to the ITU's regulations, including its frequency registration and coordination procedures. Those procedures are specified in the ITU Radio Regulations and seek to facilitate shared international use of limited spectrum and orbital resources in a manner that avoids harmful interference. Among other things, the ITU procedures establish procedures for establishing international priority with respect to the use of such resources, deadlines for bringing satellite networks into use in order to maintain such priority, and coordination rights and obligations with respect to other networks, which vary depending on whether such networks have higher or lower ITU priority. On our behalf, various countries have made and may in the future make additional filings for the frequency assignments at particular orbital locations that are used or to be used by our current satellite networks and potential future satellite networks we may build or acquire. In the event that any international coordination process that is triggered by such an ITU filing is not successfully completed, or bringing into use deadlines are not satisfied, we may be compelled to accept more limited or suboptimal orbital and spectrum rights, to operate the applicable satellite(s) on a non-interference basis, or to cease operating such satellite(s) altogether.

US Regulation

The commercial use of radio-frequency spectrum in the United States is subject to the jurisdiction of the Federal Communications Commission (FCC) under the Communications Act of 1934, as amended (Communications Act). The FCC is responsible for licensing the operation of satellite earth stations and spacecraft, and for regulating the technical and other aspects of the operation of these facilities.

Earth Stations. The Communications Act requires a license for the operation of transmitting satellite earth station facilities and certain receiving satellite earth station facilities in the United States. We currently hold licenses authorizing us to operate various earth stations within the United States, including but not limited to user terminals, facilities that aggregate traffic and interconnect with the internet backbone and network hubs. These licenses typically are granted for 15 year terms, and typically are renewed in the ordinary course. Material changes in these operations would require prior approval by the FCC. The operation of our earth stations is subject to various license conditions, as well as the technical and operational requirements of the FCC's rules and regulations.

Space Stations. In the United States, the FCC authorizes the launch and operation of commercial spacecraft, and also authorizes non-U.S. licensed spacecraft to be used to serve the United States. The FCC has authorized the use of the ViaSat-1, ViaSat-2, WildBlue-1 and Anik F2 spacecraft to serve the United States. The FCC also has granted us the right to use certain future spacecraft to serve the United States, as long as we implement those spacecraft by certain deadlines. The use of these spacecraft in our business is subject to various conditions in the underlying authorizations, as well as the technical and operational requirements of the FCC's rules and regulations.

Universal Service. Certain of our services may constitute the provision of telecommunications to, from or within the United States, and may require us to contribute a percentage of our revenues from such services to universal service support mechanisms that subsidize the provision of services to low-income consumers, high-cost areas, schools, libraries and rural health care providers. This percentage is set each calendar quarter by the FCC, and currently is 17.4%. Current FCC rules permit us to pass this universal service contribution through to our customers. The FCC has established a universal service funding mechanism to support the provision of voice and broadband services in certain high-cost areas of the United States, known as the Connect America Fund (the CAF). Among other things, the CAF mechanism provides, or will likely provide, support to terrestrial service providers under terms and conditions that are not available to satellite-based service providers. The CAF could provide other service providers a competitive advantage in providing broadband services in supported areas, which could have a material adverse effect on our business, financial condition and results of operations.

CALEA. We are obligated to comply with the requirements of the Communications Assistance for Law Enforcement Act (CALEA), which requires telecommunications providers and broadband internet access providers to ensure that law enforcement agencies are able to conduct lawfully-authorized surveillance of users of their services.

Net Neutrality. In February 2015, the FCC adopted new rules intended to preserve the openness of the internet, a concept generally referred to as “net neutrality” or “open internet.” The FCC’s “net neutrality” rules, among other things, prohibit all ISPs from: (i) blocking access to legal content, applications, services, or non-harmful devices (subject to an exception for “reasonable network management”); (ii) impairing or degrading lawful internet traffic on the basis of content, applications, services, or non-harmful devices (subject to the same exception); (iii) favoring some lawful internet traffic over other lawful traffic in exchange for consideration of any kind whatsoever; and (iv) unreasonably interfering with or unreasonably disadvantaging the ability of end users to access content or the ability of content providers to access end users (again subject to the exception for “reasonable network management”). ISPs also are obligated to make certain disclosures to consumers with respect to their network management policies.

In adopting these rules, the FCC relied on Title II of the Communications Act, which authorizes the FCC to regulate telecommunications common carriers. More specifically, the FCC reclassified mass-market retail broadband internet access service as a “telecommunications service” subject to common-carrier regulation under Title II, reversing longstanding precedent classifying broadband as a lightly regulated “information service” *not* subject to such regulation. The FCC then took the further step of forbearing from applying most Title II requirements to internet service providers (ISPs). As a result, ISPs that provide mass-market, retail service offerings are subject to specific “net neutrality” rules and general common-carrier obligations (*e.g.,* those requiring rates, terms, and conditions of service to be “just and reasonable”) but are not subject to many of the specific common-carrier requirements found in the Communications Act and the FCC’s rules.

In November 2016, the FCC adopted broadband-specific requirements intended to protect customer privacy and reduce the potential for data breaches. The FCC has received several petitions to reconsider that order and also has stayed the effectiveness of that order.

Most recently, the FCC has proposed to end the Title II regulatory approach adopted in 2015 and has indicated that it will commence a proceeding to reevaluate the existing rules governing internet service providers. We cannot predict the outcome of these pending proceedings on ISPs.

Satellite Spectrum. The space stations and ground network we use to provide our broadband services operate using Ka-band spectrum that is designated for use on a primary basis for certain types of the satellite services we provide, as well as additional Ka-band spectrum that is designated primarily for terrestrial wireless and other uses but that we are authorized to use on a secondary or non-interference basis. The FCC recently issued an order that designates a portion of the Ka-band that we use on a secondary basis, as well as other bands above 24 GHz, to be used for “5G” wireless mobile and other terrestrial broadband services. We believe that the new rules adopted in the order provide an approach for our satellite operations to coexist and expand alongside terrestrial wireless mobile networks. The order recognizes the need for additional study of technical sharing issues, and we intend to continue working with the FCC and other stakeholders to address those concerns. Requests for reconsideration of certain aspects of the order are pending before the FCC. The order therefore is subject to change. The FCC separately has proposed new rules that would redefine the terms and conditions under which our spacecraft share spectrum with other spacecraft that operate in different orbits, and the FCC currently is considering applications for authority to operate large numbers of spacecraft in those other orbits. If the deployment of these new terrestrial or satellite networks results in harmful interference into our satellite operations, or if the new rules constrain or prohibit the types of uses we have planned for this spectrum in a manner that we do not anticipate, such a development could have a material adverse effect on our business, financial condition and results of operations.

Foreign Licensing

The spacecraft we use in our business are subject to the regulatory authority of, and conditions imposed by, foreign governments, as well as contractual arrangements with third parties and the rules and procedures of the ITU. Our ViaSat-1 satellite operates under authority granted to ManSat Limited by the governments of the Isle of Man and the United Kingdom (as well as authority from the FCC), and pursuant to contractual arrangements we have with ManSat Limited that extend past the expected useful life of ViaSat-1. ViaSat-2 will operate under the authority of the United Kingdom. We also use Ka-band capacity on the Anik F2 satellite to provide our broadband services under an agreement with Telesat Canada, and we may do so until the end of the useful life of that satellite. Telesat Canada operates that satellite under authority granted to it by the government of Canada. We also currently use the WildBlue-1 satellite, which we own, and which is co-located with Anik F2 under authority granted to Telesat Canada by the government of Canada, and pursuant to an agreement we have with Telesat Canada that expires upon the end of the useful life of Anik F2. Accordingly, we are reliant upon ManSat Limited and Telesat Canada to maintain their respective governmental rights on which our operating rights are based. The use of these spacecraft in our business is subject to various conditions in the underlying authorizations held by us, ManSat Limited and Telesat Canada, as well as the technical and operational requirements of the rules and regulations of those jurisdictions.

Equipment Design, Manufacture, and Marketing

We must comply with the applicable laws and regulations and, where required, obtain the approval of the regulatory authority of each country in which we design, manufacture, or market our communications systems and networking equipment. Applicable laws and regulatory requirements vary from country to country, and jurisdiction to jurisdiction. The increasing demand for wireless communications has exerted pressure on regulatory bodies worldwide to adopt new standards for these products, generally following extensive investigation and deliberation over competing technologies. The delays inherent in this government approval process have in the past caused and may in the future cause the cancellation, postponement or rescheduling of the installation of communication systems by our customers, which in turn may have a material adverse impact on the sale of our products to the customers.

Equipment Testing and Verification. In the United States, certain equipment that we manufacture must comply with applicable technical requirements intended to minimize radio interference to other communications services and ensure product safety. In the United States, the FCC is responsible for ensuring that communications devices comply with technical requirements for minimizing radio interference and human exposure to radio emissions. The FCC requires that equipment be tested either by the manufacturer or by a private testing organization to ensure compliance with the applicable technical requirements. For other classes of device, the FCC requires submission of an application, which must be approved by the FCC, or in some instances may be approved by a private testing organization.

Export Controls. Due to the nature and sophistication of our communications products, we must comply with applicable U.S. government and other agency regulations regarding the handling and export of certain of our products. This often requires extra or special handling of these products and could increase our costs. Failure to comply with these regulations could result in substantial harm to the company, including fines, penalties and the forfeiture of future rights to sell or export these products.

Other Regulations

As a government contractor, we are routinely subject to audit and review by the DCMA, the DCAA and other U.S. government agencies of our performance on government contracts, indirect rates and pricing practices, accounting and management internal control business systems, and compliance with applicable contracting and procurement laws, regulations and standards. Both contractors and the U.S. government agencies conducting these audits and reviews have come under increased scrutiny. In particular, audits and reviews have become more rigorous and the standards to which we are held are being more strictly interpreted, increasing the likelihood of an audit or review resulting in an adverse outcome. Increases in congressional scrutiny and investigations into business practices and major programs supported by contractors may lead to increased legal costs and may harm our reputation and profitability if we are among the targeted companies. An adverse outcome to a review or audit or other failure to comply with applicable contracting and procurement laws, regulations and standards could result in material civil and criminal penalties and administrative sanctions being imposed on us, which may include termination of contracts, forfeiture of profits, triggering of price reduction clauses, suspension of payments, significant customer refunds, fines and suspension, or a prohibition on doing business with U.S. government agencies. In addition, if we fail to obtain an "adequate" determination of our various accounting and management internal control business systems from applicable U.S. government agencies or if allegations of impropriety are made against us, we could suffer serious harm to our business or our reputation, including our ability to bid on new contracts or receive contract renewals or our competitive position in the bidding process. Any of these outcomes could have a material adverse effect on our business, financial condition and results of operations.

We are also subject to a variety of U.S. and international regulations relating to the storage, discharge, handling, emission, generation, manufacture and disposal of toxic or other hazardous substances used to manufacture our products. The failure to comply with current or future regulations could result in the imposition of substantial fines on us, suspension of production, alteration of our manufacturing processes or cessation of operations. To date, these regulations have not had a material effect on our business, as we have neither incurred significant costs to maintain compliance nor to remedy past noncompliance, and we do not expect such regulations to have a material effect on our business in the current fiscal year.

Seasonality

In our satellite services segment, historically subscriber activity for our consumer broadband services has been influenced by seasonal effects related to traditional retail selling periods, with new sales activity generally anticipated to be higher in the second half of the calendar year. However, sales activity and churn can be strongly affected by other factors which may either offset or magnify any anticipated seasonal effects, including availability of capacity, promotional and subscriber retention efforts, changes in our resellers, distributors and wholesalers, changes in the competitive landscape, economic conditions, changes in credit check and subscriber approval processes and satellite beam congestion.

Our commercial networks segment is not generally affected by seasonal impacts. In our government systems segment, our results are impacted by various factors including the timing of contract awards and the timing and availability of U.S. Government funding, as well as the timing of product deliveries and customer acceptance.

Availability of Public Reports

Through a link on the Investor Relations section of our website at *www.viasat.com,* we make available the following filings as soon as reasonably practicable after they are electronically filed with or furnished to the

SEC: our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. All such filings are available free of charge. They are also available free of charge on the SEC's website at *www.sec.gov*. In addition, any materials filed with the SEC may be read and copied by the public at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The information on our website is not part of this report or any other report that we furnish to or file with the SEC.

Employees

As of March 31, 2017, we employed approximately 4,300 individuals worldwide. We consider the relationships with our employees to be positive. Competition for technical personnel in our industry is intense. We believe our future success depends in part on our continued ability to hire, assimilate and retain qualified personnel. To date, we believe we have been successful in recruiting qualified employees, but there is no assurance we will continue to be successful in the future.

Executive Officers

Set forth below is information concerning our executive officers and their ages:

Name	Age	Position
Mark Dankberg	62	Chairman of the Board and Chief Executive Officer
Richard Baldridge	59	Director, President and Chief Operating Officer
Doug Abts	43	Vice President, Strategy Development, Broadband Services
Robert Blair	43	Vice President, General Counsel and Secretary
Girish Chandran	52	Vice President and Chief Technical Officer
Melinda Del Toro	44	Senior Vice President, People and Culture
Bruce Dirks	57	Senior Vice President, Treasury and Corporate Development
Shawn Duffy	47	Senior Vice President and Chief Financial Officer
Kevin Harkenrider	61	President, Commercial Networks
Keven Lippert	45	President, Broadband Services and Chief Legal Officer
Mark Miller	57	Executive Vice President and Chief Technical Officer
Ken Peterman	60	President, Government Systems

Mark Dankberg is a founder of ViaSat and has served as Chairman of the Board and Chief Executive Officer of ViaSat since its inception in May 1986. Mr. Dankberg provides our Board with significant operational, business and technological expertise in the satellite and communications industry, and intimate knowledge of the issues facing our management. Mr. Dankberg also has significant expertise and perspective as a member of the boards of directors of companies in various industries, including communications. Mr. Dankberg serves as a director of TrellisWare Technologies, Inc. (TrellisWare), a 52% majority-owned subsidiary of ViaSat that develops advanced signal processing technologies for communication applications. He also currently serves on the boards of Minnetronix, Inc., a privately-held medical device and design company, and Lytx, Inc., a privately-held company that provides fleet safety management solutions. In addition, Mr. Dankberg was elected to the Rice University Board of Trustees in 2013, and was a member of the board of directors of REMEC, Inc. from 1999 to 2010. Prior to founding ViaSat, he was Assistant Vice President of M/A-COM Linkabit, a manufacturer of satellite telecommunications equipment, from 1979 to 1986, and Communications Engineer for Rockwell International Corporation from 1977 to 1979. Mr. Dankberg holds B.S.E.E. and M.E.E. degrees from Rice University.

Richard Baldridge joined ViaSat in April 1999, serving as our Executive Vice President, Chief Financial Officer and Chief Operating Officer from 2000 and as our Executive Vice President and Chief Operating Officer from 2002. Mr. Baldridge assumed his current role as President and Chief Operating Officer in 2003. In addition, Mr. Baldridge serves as a director of Ducommun Incorporated, a provider of engineering and manufacturing services to the aerospace and defense industries, and EvoNexus, a San Diego based non-profit technology incubator. Prior to joining ViaSat, Mr. Baldridge served as Vice President and General Manager of Raytheon Corporation's Training Systems Division from January 1998 to April 1999. From June 1994 to December 1997, Mr. Baldridge served as Chief Operating Officer and Chief Financial Officer for Hughes Information Systems and Hughes Training Inc., prior to their acquisition by Raytheon in 1997. Mr. Baldridge's other experience includes various senior financial and general management roles with General Dynamics Corporation. Mr. Baldridge holds a B.S.B.A. degree in Information Systems from New Mexico State University.

Doug Abts joined ViaSat in September 2015 as Vice President, Strategy Development, Broadband Services. Mr. Abts has over 20 years of experience in the areas of general management, business development, mergers and acquisitions, and strategic planning. From July 2010 to August 2015, Mr. Abts served as Executive Vice President, Strategy and Corporate Development of Bridgepoint Education. From August 2003 to June 2010, Mr. Abts operated in key management and business development roles at Science Applications International Corporation. Early in his career, he served with distinction as an officer in the United States Navy SEALs. Mr. Abts earned a B.A. degree from Stanford University and an M.B.A. degree from Harvard Business School.

Robert Blair joined ViaSat in May 2008 as Assistant General Counsel. In April 2009, Mr. Blair was appointed Associate General Counsel and in 2014 was appointed Vice President and Deputy General Counsel. In May 2017, Mr. Blair assumed his current position as Vice President, General Counsel and Secretary. In addition, Mr. Blair has served as a director of the San Diego Regional Economic Development Corporation since 2015. Prior to joining ViaSat, Mr. Blair was an associate at the law firm of Latham & Watkins LLP. Mr. Blair holds a J.D. degree from Stanford University and A.B. degrees in Broadcast Journalism and Policy Studies from Syracuse University.

Girish Chandran joined ViaSat in October 2007 as a Principal Engineer. In September 2013, Mr. Chandran was appointed Chief Technology Officer — Commercial Networks. In May 2017, he assumed his current position as Vice President and Chief Technical Officer. Mr. Chandran has extensive experience building multimedia networks. Prior to joining ViaSat, from 2001 to 2007, Mr. Chandran served as Vice President of Engineering at Newtec America Inc., a satellite communications equipment provider. From 1995 to 2001, he held several roles, including Vice President of Systems Engineering, at Tiernan Communications Inc. (acquired by Radyne Comstream Inc.), a provider of video compression and transmission solutions. Mr. Chandran earned a Ph.D. degree in Electrical Engineering from the University of California, San Diego, an M.S. degree in Electrical Communication Engineering from the Indian Institute of Science and a BSc. degree in Physics from the University of Kerala.

Melinda Del Toro joined ViaSat in 2001 as Manager of Learning and Development. In 2003 she began to assume a broader role with the Human Resources organization. In 2008 she was appointed Director of Human Resources and in 2011 was appointed Vice President — Human Resources. In April 2016, she assumed the position of Senior Vice President — Human Resources, which was retitled Senior Vice President — People and Culture in April 2017. Ms. Del Toro started her career teaching at San Diego State University within the School of Communication. Prior to joining ViaSat she held roles in corporate learning and organizational development for Nicholas-Applegate Capital Management, Qualcomm Personal Electronics and Sony Electronics. Ms. Del Toro holds B.A. and M.A. degrees in Communication from San Diego State University.

Bruce Dirks joined ViaSat in April 2013 as Vice President and Chief Financial Officer. He assumed his current position as Senior Vice President — Treasury and Corporate Development in June 2014. Prior to joining ViaSat, Mr. Dirks served as a portfolio manager at Fidelity Management & Research Company from 2000 to April 2013, and was Vice President — Investments at TRW Investment Management Company from 1993 to 2000. Mr. Dirks began his career at Raytheon Company as a financial analyst and also worked on the corporate finance team at General Dynamics Corporation. Mr. Dirks earned a B.A. degree in Economics from Amherst College and an M.B.A. degree from the University of Chicago.

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Shawn Duffy joined ViaSat in 2005 as Corporate Controller. In 2009, she was appointed ViaSat's Vice President and Corporate Controller and in 2012 was appointed Vice President — Corporate Controller and Chief Accounting Officer. From August 2012 until April 2013, Ms. Duffy also served as interim Chief Financial Officer. She assumed her current position as Senior Vice President and Chief Financial Officer in June 2014. Prior to joining ViaSat, Ms. Duffy was a Senior Manager at Ernst & Young, LLP, serving the technology and consumer product markets. Ms. Duffy is a certified public accountant in the State of California, and earned a B.S.B.A. degree in Accounting from San Diego State University.

Kevin Harkenrider joined ViaSat in October 2006 as Director — Operations, served as Vice President — Operations from January 2007 until December 2009, served as Vice President of ViaSat and Chief Operating Officer of ViaSat Communications Inc. from December 2009 to April 2011, as Senior Vice President — Infrastructure Operations from April 2011 to May 2012, and as Senior Vice President — Broadband Services from May 2012 to May 2015, and as Senior Vice President — Commercial Networks from May 2015 to May 2017. Mr. Harkenrider assumed his current position as President, Commercial Networks in May 2017. Prior to joining ViaSat, Mr. Harkenrider served as Account Executive at Computer Sciences Corporation from 2002 through October 2006. From 1992 to 2001, Mr. Harkenrider held several positions at BAE Systems, Mission Solutions (formerly GDE Systems, Marconi Integrated Systems and General Dynamics Corporation, Electronics Division), including Vice President and Program Director, Vice President — Operations and Vice President — Material. Prior to 1992, Mr. Harkenrider served in several director and program manager positions at General Dynamics Corporation. Mr. Harkenrider holds a B.S. degree in Civil Engineering from Union College and an M.B.A. degree from the University of Pittsburgh.

Keven Lippert joined ViaSat in May 2000 as Associate General Counsel and Assistant Secretary. In April 2007, he was appointed ViaSat's Vice President, General Counsel and Secretary, in 2012 he was appointed Senior Vice President — General Counsel and Secretary, and in June 2014 he was appointed Executive Vice President — General Counsel and Secretary. He assumed his current position as President, Broadband Services and Chief Legal Officer in May 2017. Prior to joining ViaSat, Mr. Lippert was a corporate associate at the law firm of Latham & Watkins LLP. Mr. Lippert holds a J.D. degree from the University of Michigan and a B.S. degree in Business Administration from the University of California, Berkeley.

Mark Miller is a founder of ViaSat and served as Vice President and Chief Technical Officer of ViaSat from March 1993 to June 2014, when he assumed his current position as Executive Vice President and Chief Technical Officer. From 1986 through 1993, Mr. Miller served as Engineering Manager. Prior to joining ViaSat, Mr. Miller was a Staff Engineer at M/A-COM Linkabit from 1983 to 1986. Mr. Miller holds a B.S.E.E. degree from the University of California, San Diego and an M.S.E.E. degree from the University of California, Los Angeles.

Ken Peterman joined ViaSat in April 2013 as Vice President — Government Systems. In June 2014, he was appointed Senior Vice President — Government Systems. Mr. Peterman assumed his current position as President, Government Systems in May 2017. Mr. Peterman has over 30 years of experience in general management, systems engineering, strategic planning, portfolio management, and business leadership in the aerospace and defense industries. From July 2012 to April 2013, Mr. Peterman served as President and Chief Executive Officer of SpyGlass Group, a company he co-founded which provides executive strategic advisory services to the aerospace and defense industries. From 2011 to July 2012, Mr. Peterman served as President of Exelis Communications and Force Protection Systems, and from 2007 to 2011, he served as President of ITT Communications Systems, which are both developers and providers of command, control, communications, computers, intelligence, surveillance and reconnaissance products and systems. Previously, Mr. Peterman was Vice President and General Manager of Rockwell Collins Government System's Integrated C3 Systems and Rockwell Collins Displays and Awareness Systems. Mr. Peterman earned a B.S.E.E. degree from Tri-State University (now Trine).

ITEM 1A. *RISK FACTORS*

You should consider each of the following factors as well as the other information in this Annual Report in evaluating our business and prospects. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business operations. If any of the following risks actually occur, our business and financial results could be harmed. In that case, the trading price of our common stock could decline. You should also refer to the other information set forth in this Annual Report, including our financial statements and the related notes.

Our Operating Results Are Difficult to Predict

Our operating results have varied significantly from quarter to quarter in the past and may continue to do so in the future. The factors that cause our quarter-to-quarter operating results to be unpredictable include:

- the uptake of our in-flight services by commercial airlines and number of aircraft being retrofitted or installed with our in-flight broadband systems;
- varying subscriber addition and churn rates for our residential broadband business;
- the mix of wholesale and retail subscriber additions in our residential broadband business;
- the level of investments in the construction or acquisition of satellites, and the impact of any construction or launch delays, operational or launch failures or other disruptions to our satellites;
- a complex and lengthy procurement process for most of our commercial networks and government systems customers and potential customers;
- changes in the levels of research and development spending, including the effects of associated tax credits;
- cost overruns on fixed-price development contracts;
- the difficulty in estimating costs over the life of a contract, which may require adjustment in future periods;
- the timing, quantity and mix of products and services sold;
- price discounts given to some customers;
- market acceptance and the timing of availability of our new products and services;
- the timing of customer payments for significant contracts;
- one-time charges to operating income arising from items such as acquisition expenses, impairment of assets and write-offs of assets related to customer non-payments or obsolescence;
- the failure to receive an expected order or a deferral of an order to a later period; and
- general economic and political conditions.

Any of the foregoing factors, or any other factors discussed elsewhere herein, could have a material adverse effect on our business, financial condition and results of operations that could adversely affect our stock price. In addition, it is likely that in one or more future quarters our results may fall below the expectations of analysts and investors, which would likely cause the trading price of our common stock to decrease.

Satellite Failures or Degradations in Satellite Performance Could Affect Our Business, Financial Condition and Results of Operations

We own two satellites: ViaSat-1 (our first-generation high-capacity Ka-band spot-beam satellite, which was placed into service in January 2012) and WildBlue-1 (which was placed into service in March 2007). We expect our second-generation ViaSat-2 satellite will be launched in June 2017 following completion of the launch preparation process. In addition, two ViaSat-3 class satellites (our third-generation high-capacity Ka-band satellite design) are currently under construction. We also have an exclusive prepaid lifetime capital lease of Ka-band capacity over the contiguous United States on Telesat Canada's Anik F2 satellite (which was placed into service in April 2005). We utilize capacity primarily on our ViaSat-1 and WildBlue-1 satellites to support our broadband services in the United States. We also lease capacity on multiple satellites related to the provision of our international broadband services. We may construct, acquire or use additional satellites in the future.

Satellites utilize highly complex technology and operate in the harsh environment of space and, accordingly, are subject to significant operational risks while in orbit. These risks include malfunctions (commonly referred to as anomalies), including malfunctions in the deployment of subsystems and/or components, interference from electrostatic storms, and collisions with meteoroids, decommissioned spacecraft or other space debris. Our satellites have experienced various anomalies in the past and we will likely experience anomalies in the future. Anomalies can occur as a result of various factors, such as:

- satellite manufacturer error, whether due to the use of new or largely unproven technology or due to a design, manufacturing or assembly defect that was not discovered before launch;
- problems with the power sub-system of the satellite;
- problems with the control sub-system of the satellite; and
- general failures resulting from operating satellites in the harsh space environment, such as premature component failure or wear.

Any single anomaly or series of anomalies, or other operational failure or degradation, on any of the satellites we own and operate or use could have a material adverse effect on our operations and revenues and our relationships with current customers and distributors, as well as our ability to attract new customers for our satellite services. Anomalies may also reduce the expected useful life of a satellite, thereby creating additional expense due to the need to provide replacement or backup capacity and potentially reducing revenues if service is interrupted or degraded on the satellites we utilize. We may not be able to obtain backup capacity or a replacement satellite on reasonable economic terms, a reasonable schedule or at all. In addition, anomalies may also cause a reduction of the revenues generated by the applicable satellite or the recognition of an impairment loss, and in some circumstances could lead to claims from third parties for damages, for example, if a satellite experiencing an anomaly were to cause physical damage to another satellite, create interference to the transmissions on another satellite or cause another satellite operator to incur expenses to avoid such physical damage or interference. Finally, the occurrence of anomalies may adversely affect our ability to insure our satellites at commercially reasonable premiums or terms, if at all. While some anomalies are covered by insurance policies, others are not or may not be covered, or may be subject to large deductibles.

Although our satellites have redundant or backup systems and components that operate in the event of an anomaly, operational failure or degradation of primary critical components, these redundant or backup systems and components are subject to risk of failure similar to those experienced by the primary systems and components. The occurrence of a failure of any of these redundant or backup systems and components could materially impair the useful life, capacity, coverage or operational capabilities of the satellite.

Satellites Have a Finite Useful Life, and Their Actual Operational Life May Be Shorter than Their Design Life

Our ability to earn revenues from our satellite services depends on the continued operation of ViaSat-1, WildBlue-1 and any other satellite we may acquire or use in the future, such as our ViaSat-2 and ViaSat-3 class satellites. Each satellite has a limited useful life, referred to as its design life. There can be no assurance as to the actual operational life of a satellite, which may be shorter than its design life. A number of factors affect the useful lives of the satellites, including, among other things, the quality of their design and construction, the durability of their component parts and back-up units, the ability to continue to maintain proper orbit and control over the satellite's functions, the efficiency of the launch vehicle used, consumption of remaining on-board fuel following orbit insertion, degradation and durability of solar panels, the actual space environment experienced compared to the assumed space environment for which the satellites were designed and tested, and the occurrence of any anomaly or series of anomalies or other in-orbit risks affecting the satellite. In addition, continued improvements in satellite technology may make obsolete our existing satellites or any other satellite we may own or acquire in the future prior to the end of its life.

New or Proposed Satellites Are Subject to Significant Risks Related to Construction and Launch that Could Limit Our Ability to Utilize these Satellites

Our ViaSat-2 satellite is currently scheduled for launch in June 2017 following completion of the launch preparation process and we currently have two ViaSat-3 class satellites under construction. We may construct and launch additional satellites in the future. The design and construction of satellites require significant investments of capital and management time. Satellite construction and launch are also subject to significant risks, including construction delays, cost overruns, regulatory conditions or delays, unavailability of launch opportunities, launch failure, damage or destruction during launch and improper orbital placement. Unlike our ViaSat-1 and ViaSat-2 satellites, which were constructed in their entirety by the satellite manufacturer, we are for the first time constructing the payload for our ViaSat-3 class satellites ourselves at our own facilities, and expect Boeing to integrate the completed payload into the satellite bus at their facilities. Moreover, the technologies in our ViaSat-3 satellite design are very complex, and there can be no assurance that the technologies will work as we expect or that we will realize any or all of the anticipated benefits of our ViaSat-3 satellite design. Difficulties or delays in the construction or integration of the payload for our ViaSat-3 class satellites or the implementation of our ViaSat-3 satellite design could adversely affect our business plan for these satellites and result in significant additional cost. We have in the past experienced delays in satellite construction and launch. For example, the launch of our ViaSat-2 satellite was further delayed due to recent civil unrest in French Guiana (the location of the satellite launch). If satellite construction schedules are not met or other events prevent satellite launch on schedule, a launch opportunity may not be available at the time the satellite is ready to be launched. A significant delay in the construction, delivery or launch of a satellite may have a material adverse effect on our operations or our business plan for the satellite.

Satellites are also subject to certain risks related to failed launches. Launch failures result in significant delays in the deployment of satellites because of the need both to construct replacement satellites, which can take up to 36 months or longer, and to obtain other launch opportunities. Such significant delays could have a material adverse effect on our business, financial condition and results of operations. The overall historical loss rate in the satellite industry for all launches of commercial satellites in fixed orbits in the last five years is estimated by some industry participants to be approximately 5% but could at any time be higher. Launch vehicles may also under perform, in which case the satellite may still be able to be placed into service by using its onboard propulsion systems to reach the desired orbital location, but this would cause a reduction in its useful life. Moreover, even if launch is successful and the satellite reaches the desired orbital location, following launch the satellite will need to undergo in-orbit testing and there can be no assurance that the satellite will successfully pass in-orbit testing prior to transfer of control of the satellite to us. The failure to implement our satellite deployment plan on schedule could have a material adverse effect on our business, financial condition and results of operations.

Potential Satellite Losses May Not Be Fully Covered By Insurance, or at All

We currently hold in-orbit insurance for ViaSat-1, WildBlue-1 and Anik F2, as well as launch and in-orbit insurance for our ViaSat-2 satellite. We intend to seek launch and in-orbit insurance for any satellite we may construct or acquire in the future. However, we may not be able to obtain insurance, or renew existing insurance, for our satellites on reasonable economic terms or at all. If we are able to obtain or renew our insurance, it may contain customary exclusions and exclusions for past satellite anomalies. A failure to obtain or renew our satellite insurance may also result in a default under our debt instruments. In addition, the occurrence of any anomalies on other satellites, including other Ka-band satellites, or any failures of a satellite using similar components or failures of a similar launch vehicle to any launch vehicle we intend to use for any future satellite (including our ViaSat-2 and ViaSat-3 class satellites), may materially adversely affect our ability to insure the satellites at commercially reasonable premiums or terms, if at all.

The policies covering our insured satellites will not cover the full cost of constructing and launching or replacing a satellite nor fully cover our losses in the event of a satellite failure or significant degradation. Moreover, such policies do not cover, and we do not have protection against, lost profits, business interruptions, fixed operating expenses, loss of business or similar losses. Our insurance contains customary exclusions, material change and other conditions that could limit recovery under those policies. Further, any insurance proceeds may not be received on a timely basis in order to launch a spare satellite or construct and launch a replacement satellite or take other remedial measures. In addition, the policies are subject to limitations involving uninsured losses, large satellite performance deductibles and policy limits.

The Markets in Which We Compete Are Highly Competitive and Our Competitors May Have Greater Resources than Us

The markets in which we compete are highly competitive and competition is increasing. In addition, because the markets in which we operate are constantly evolving and characterized by rapid technological change, it is difficult for us to predict whether, when and by whom new competing technologies, products or services may be introduced into our markets. Currently, we face substantial competition in each of our business segments. In our satellite services segment, we face competition for consumer and enterprise broadband services both from existing competitors and emerging technologies. Our residential and other fixed broadband service offerings compete with broadband service offerings from wireline and wireless telecommunications companies, cable companies, satellite companies and internet service providers. Many of our competitors are larger than us, have substantial capital resources, have greater brand recognition, have access to spectrum or technologies not available to us, or are able to offer bundled service offerings that we are not able to duplicate, all of which may reduce demand for our broadband services. In addition, the broadband services market continues to see industry consolidation and vertical integration, which may enable our competitors to provide competing services to broader customer segments. New entrants, some with significant financial resources, and new emerging technologies (including 5G) may compete with our broadband service offerings. Additionally, wireless telecommunications carriers such as AT&T, Sprint, T-Mobile and Verizon are currently offering unlimited data plans that could attract existing and future Exede residential subscribers. Our in-flight internet service offerings compete against air-to-ground mobile services and other satellite-based services, such as the services offered by Global Eagle, Gogo and Panasonic Avionics Corporation. In our commercial networks segment, we compete with numerous other providers of satellite and terrestrial communications systems, products and equipment, including: Airbus, ASC Signal, Comtech, General Dynamics, Gilat, EchoStar (Hughes Network Systems), iDirect Technologies, L-3 Communications, Newtec, Panasonic, SS/L (MacDonald Dettwiler and Associates), Thales and Zodiac Data Systems. In addition, some of our customers continuously evaluate whether to develop and manufacture their own products and could elect to compete with us at any time. Within our government systems segment, we generally compete with government communications services providers and manufacturers of defense electronics products, systems or subsystems, such as BAE Systems, General Dynamics, Harris, Inmarsat, Intelsat, Rockwell Collins and similar companies. We may also compete directly with the largest defense prime contractors, including Boeing, Lockheed Martin, Northrop Grumman and Raytheon Systems. Many of our competitors in our commercial networks and government systems segments have significant competitive advantages, including strong customer relationships, more experience with regulatory compliance, greater financial and management resources and access to technologies not available to us. Many of our competitors are also substantially larger than we are and may have more extensive engineering, manufacturing and marketing capabilities than we do. As a result, these competitors may be able to adapt more quickly to changing technology or market conditions or may be able to devote greater resources to the development, promotion and sale of their products. Our ability to compete in each of our segments may also be adversely affected by limits on our capital resources and our ability to invest in maintaining and expanding our market share.

Our Broadband Services Business Strategy May Not Succeed in the Long Term

A major element of our broadband services business strategy is to utilize our proprietary high-capacity Ka-band satellites and any additional satellites we may construct or acquire in the future to continue to expand our provision of high-speed broadband services around the globe. We may be unsuccessful in implementing our business plan for our broadband services business, or we may not be able to achieve the revenues that we expect from our broadband services business. Any failure to realize our anticipated benefits of our high-capacity Ka-band satellites, to attract a sufficient number of distributors or customers for our broadband services, to expand our broadband services business internationally or to grow our consumer and enterprise customer base for broadband services as quickly as we anticipate, may have a material adverse effect on our business, financial condition or results of operations.

In connection with the development of any new generation satellite design, and the launch of any new satellite and the commencement of the related service, we expect to incur additional operating costs that negatively impact our financial results. For example, we believe the launch and roll-out of our ViaSat-2 satellite and related ground infrastructure will impact our financial results in our satellite services segment in fiscal year 2018 and beyond. In particular, we expect to increase our investment in subscriber acquisition costs after ViaSat-2 is placed into service as we expand our subscriber base for our Exede broadband services. However, there can be no assurance that we will be successful in our expansion plans. We expect the relative impact of the launch and roll-out of the satellite and related ground infrastructure to our financial results to be less than we experienced in relation to the launch and roll-out of our ViaSat-1 satellite and related ground infrastructure. During the period from late fiscal year 2012 until early fiscal year 2015, we incurred higher operating costs in connection with the launch and roll-out of our ViaSat-1 satellite, related ground infrastructure and Exede broadband services, as well as higher interest expense as we capitalized a lower amount of the interest expense on our outstanding debt. These higher operating costs, which negatively impacted income from operations during that period, included costs associated with depreciation, earth station connectivity, subscriber acquisition costs, logistics, customer care and various support systems. Our IR&D investments in our ViaSat-3 class satellites currently under construction are also expected to continue to negatively impact our financial results in our commercial networks segment in fiscal year 2018, with our investments in related ground infrastructure development continuing in subsequent fiscal years. If our business strategy for our satellite services segment does not succeed, we may be unable to recover our significant investments in our high-capacity Ka-band satellites, which could have a material adverse impact on our business, financial condition or results of operations.

We May Be Unable to Obtain Or Maintain Required Authorizations or Contractual Arrangements

Various types of U.S. domestic and international authorizations and contractual arrangements are required in connection with the products and services that we provide. See “Regulatory Environment.” Compliance with certain laws, regulations, conditions and other requirements, including the payment of fees, may be required to maintain the rights provided by such authorizations, including the rights to operate satellite networks at certain orbital slots in certain radio frequencies. Failure to comply with such requirements, or comply in a timely manner, could lead to the loss of such authorizations and could have a material adverse impact on our business, financial condition and results of operations.

We currently hold authorizations to, among other things, operate various satellite earth stations (including but not limited to user terminals, facilities that interconnect with the internet backbone, and network hubs) and operate satellite space stations and/or use those space stations to provide service to certain jurisdictions. While we anticipate that these authorizations will be renewed in the ordinary course to the extent that they otherwise would expire, or replaced by authorizations covering more advanced facilities, we can provide no assurance that this will be the case. Our inability to timely obtain or maintain such authorizations could delay or preclude our operation of such satellites or our provision of products and services that rely upon such satellites. Further, changes to the laws and regulations under which we operate could adversely affect our ability to obtain or maintain authorizations. Any of these circumstances could have a material adverse impact on our business, financial condition and results of operations.

The spacecraft we use in our business are subject to the regulatory authority of, and conditions imposed by, foreign governments, as well as contractual arrangements with third parties and the regulations and procedures of the ITU governing access to orbital and spectrum rights and the international coordination of satellite networks. Our ViaSat-1 satellite operates under authority granted to ManSat Limited by the governments of the Isle of Man and the United Kingdom (as well as authority from the FCC), and pursuant to contractual arrangements we have with ManSat Limited that extend past the expected useful life of ViaSat-1. ViaSat-2 will operate under the authority of the United Kingdom. We also use Ka-band capacity on the Anik F2 satellite to provide our broadband services under an agreement with Telesat Canada, and we may do so until the end of the useful life of that satellite. Telesat Canada operates that satellite under authority granted to it by the government of Canada. We also currently use the WildBlue-1 satellite, which we own, and which is co-located with Anik F2 under authority granted to Telesat Canada by the government of Canada, and pursuant to an agreement we have with Telesat Canada that expires upon the end of the useful life of Anik F2. Accordingly, we are reliant upon ManSat Limited and Telesat Canada to maintain their respective governmental rights on which our operating rights are based. The use of these spacecraft in our business is subject to various conditions in the underlying authorizations held by us, ManSat Limited and Telesat Canada, as well as the requirements of the laws and regulations of those jurisdictions. Any failure to meet these types of requirements in a timely manner, maintain our contractual arrangements, obtain or maintain our authorizations, or manage potential conflicts with the orbital slot rights afforded to third parties, could lead to us losing our rights to operate from these orbital locations or may otherwise require us to modify or limit our operations from these locations, which could materially adversely affect our ability to operate a satellite at full capacity or at all, and could have a material adverse impact on our business, financial condition and results of operations.

Acquisitions, Joint Ventures and Other Strategic Alliances May Have an Adverse Effect on Our Business

In order to position ourselves to take advantage of growth opportunities, from time to time we make strategic acquisitions and enter into joint ventures and other strategic alliances that involve significant risks and uncertainties. For example, in March 2017, we consummated a strategic partnering arrangement with Eutelsat to expand broadband services in Europe and the Mediterranean region. Risks and uncertainties relating to acquisitions, joint ventures and other strategic alliances include:

- the difficulty in integrating and managing newly acquired businesses or any businesses of a joint venture or strategic alliance in an efficient and effective manner;
- the challenges in achieving strategic objectives, cost savings and other benefits expected from such transactions;
- the risk of diverting our resources and the attention of our senior management from the operations of our business;
- additional demands on management related to the increase in the size and scope of our company following an acquisition or to the complexities of a joint venture or strategic alliance;
- the risk that the targeted markets do not evolve as anticipated and the technologies acquired or the joint venture or strategic alliance entered into do not prove to be those needed to be successful in those markets;
- difficulties in combining or managing different corporate cultures;
- difficulties in the assimilation and retention of key employees and in maintaining relationships with present and potential customers, distributors and suppliers of an acquired business;
- the lack of unilateral control over a joint venture or strategic alliance and the risk that joint venture or strategic partners have business goals and interests that are not aligned with ours;
- the failure of a joint venture or strategic partner to satisfy its obligations or the bankruptcy or malfeasance of such person or entity;

- costs and expenses associated with any undisclosed or potential liabilities of an acquired business or with respect to any joint venture or strategic alliance;
- delays, difficulties or unexpected costs in the integration, assimilation, implementation or modification of platforms, systems, functions, technologies and infrastructure to support the combined business, joint venture or strategic alliance, as well as maintaining uniform standards, controls (including internal accounting controls), procedures and policies;
- the risk that we do not realize a satisfactory return on our investments;
- the risk that funding requirements may be significantly greater than anticipated;
- the risks of entering markets in which we have less experience; and
- the risks of potential disputes concerning indemnities and other obligations that could result in substantial costs.

In connection with the Eutelsat strategic partnering arrangement and any future acquisitions, joint ventures or strategic alliances, we may incur debt, issue equity securities, assume contingent liabilities or have amortization expenses and write-downs of acquired assets, which could cause our earnings per share to decline. Mergers, acquisitions, joint ventures and strategic alliances are inherently risky and subject to many factors outside of our control, and we cannot be certain that our previous or future acquisitions, joint ventures and strategic alliances will be successful and will not materially adversely affect our business, operating results or financial condition. We do not know whether we will be able to successfully integrate the businesses, products, technologies or personnel that we might acquire in the future or that any strategic investments we make will meet our financial or other investment objectives. Any failure to do so could seriously harm our business, financial condition and results of operations.

Our International Sales and Operations Are Subject to Applicable Laws Relating to Trade, Export Controls and Foreign Corrupt Practices, the Violation of Which Could Adversely Affect Our Operations

We must comply with all applicable export control laws and regulations of the United States and other countries. U.S. laws and regulations applicable to us include the Arms Export Control Act, the International Traffic in Arms Regulations (ITAR), the Export Administration Regulations (EAR) and the trade sanctions laws and regulations administered by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC). The export of certain satellite hardware, services and technical data relating to satellites is regulated by the U.S. Department of State under ITAR. Other items are controlled for export by the U.S. Department of Commerce under the EAR. We cannot provide services to certain countries subject to U.S. trade sanctions unless we first obtain the necessary authorizations from OFAC. In addition, we are subject to the Foreign Corrupt Practices Act, which generally bars bribes or unreasonable gifts to foreign governments or officials. Violations of these laws or regulations could result in significant additional sanctions including fines, more onerous compliance requirements, more extensive debarments from export privileges or loss of authorizations needed to conduct aspects of our international business. A violation of ITAR or the other regulations enumerated above could materially adversely affect our business, financial condition and results of operations.

Changes in the Regulatory Environment Could Have a Material Adverse Impact on Our Competitive Position, Growth and Financial Performance

Our business is highly regulated. We are subject to the regulatory authority of the jurisdictions in which we operate, including the United States and other jurisdictions around the world. Those authorities regulate, among other things, the launch and operation of satellites, the use of radio spectrum, the licensing of earth stations and other radio transmitters, the provision of communications services, and the design, manufacture and marketing of communications systems and networking infrastructure. The space stations and ground network we use to provide our Exede broadband services operate using spectrum that is regulated for use on a primary basis for certain types of the satellite services we provide, as well as additional spectrum that is regulated primarily for terrestrial wireless and other uses but that we are authorized to use on a secondary or non-interference basis.

Laws and regulations affecting our business are subject to change in response to industry developments, new technology, and political considerations, among other things. Legislators and regulatory authorities in various countries are considering, and may in the future adopt, new laws, policies and regulations, as well as changes to existing regulations. We cannot predict when or whether applicable laws or regulations may come into effect or change, or what the cost and time necessary to comply with such new or updated laws or regulations may be.

Changes in laws or regulations, including the way spectrum is regulated and/or is used by others could, directly or indirectly, affect our operations or the operations of our distribution partners, increase the cost of providing our products and services and make our products and services less competitive in our core markets; in certain instances, such changes could have a material adverse effect on our business, financial condition and results of operations.

The Trump Administration has called for substantial changes to regulatory, fiscal and tax policies, which may include comprehensive tax reform. We cannot predict the impact, if any, of these changes to our business or the industries in which we operate. However, it is possible that these changes could adversely affect our business. It is likely that some policies adopted by the new administration will benefit us and others will negatively affect us. Until we know what changes are enacted, we will not know whether in total we benefit from, or are negatively affected by, the changes. At various times, President Trump has expressed antipathy towards existing trade agreements, including the North American Free Trade Agreement (NAFTA), greater restrictions on free trade generally and significant increases on tariffs on goods imported into the United States. Changes in U.S. political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the countries where we do business or source goods and materials for our products, and any negative sentiments towards the United States as a result of such changes, could adversely affect our business.

Among other things, changes to laws and regulations could materially harm our business by (1) affecting our ability to obtain or retain required governmental authorizations, (2) restricting our ability to provide certain products or services, (3) restricting development efforts by us and our customers, (4) making our current products and services less attractive or obsolete, (5) increasing our operational costs, or (6) making it easier or less expensive for our competitors to compete with us. Failure to comply with applicable laws or regulations could result in the imposition of financial penalties against us, the adverse modification or cancellation of required authorizations, or other material adverse actions. Any such matters could materially harm our business and impair the value of our common stock.

Our Reliance on U.S. Government Contracts Exposes Us to Significant Risks

Our government systems segment revenues were approximately 44%, 43% and 39% of our total revenues in fiscal years 2017, 2016 and 2015, respectively, and were derived primarily from U.S. government applications. Therefore, any significant disruption or deterioration of our relationship with the U.S. government would significantly reduce our revenues. U.S. government business exposes us to various risks, including:

- changes in governmental procurement legislation and regulations and other policies, which may reflect military and political developments;
- unexpected contract or project terminations or suspensions;
- unpredictable order placements, reductions or cancellations;
- reductions or delays in government funds available for our projects due to government policy changes, budget cuts or delays, changes in available funding, reductions in government defense expenditures and contract adjustments;
- the ability of competitors to protest contractual awards;

- penalties arising from post-award contract audits;
- the reduction in the value of our contracts as a result of the routine audit and investigation of our costs by U.S. government agencies;
- higher-than-expected final costs, particularly relating to software and hardware development, for work performed under contracts where we commit to specified deliveries for a fixed price;
- limited profitability from cost-reimbursement contracts under which the amount of profit is limited to a specified amount;
- unpredictable cash collections of unbilled receivables that may be subject to acceptance of contract deliverables by the customer and contract close-out procedures, including government approval of final indirect rates;
- competition with programs managed by other government contractors for limited resources and for uncertain levels of funding;
- significant changes in contract scheduling or program structure, which generally result in delays or reductions in deliveries; and
- intense competition for available U.S. government business necessitating increases in time and investment for design and development.

We must comply with and are affected by laws and regulations relating to the award, administration and performance of U.S. government contracts. Government contract laws and regulations affect how we do business with our customers and, in some instances, impose added costs on our business, including the establishment of compliance procedures. A violation of specific laws and regulations could result in the imposition of fines and penalties, the termination of our contracts or debarment from bidding on contracts. For example, in March 2016, our 52% majority-owned subsidiary TrellisWare was informed by the Civil Division of the U.S. Attorney's Office for the Southern District of California that it was investigating TrellisWare's eligibility for certain prior government contracts and whether TrellisWare's conduct in connection therewith violated the False Claims Act. In February 2017, based on further developments in that investigation, including TrellisWare's discussions with the U.S. Attorney's Office, we accrued a total loss contingency of $11.8 million in selling, general and administrative (SG&A) expenses in our government systems segment, which consisted of $11.4 million in uncharacterized damages and $0.4 million in penalties. The impact of the loss contingency on net income attributable to ViaSat, Inc. stockholders for fiscal year 2017, net of tax, was $4.0 million, with the related amount of $3.7 million recorded to net (loss) income attributable to noncontrolling interests, net of tax. The impact of the loss contingency on basic and diluted net income per share attributable to ViaSat, Inc. common stockholders for fiscal year 2017 was $0.08 per share and $0.07 per share, respectively. At this time, we cannot determine with certainty how or whether the TrellisWare investigation will conclude or whether this will be the final amount of damages and penalties. Refer to Note 13 to the consolidated financial statements for further discussion of the False Claims Act civil investigation. Although the outcome of any investigation is difficult to predict, an unfavorable resolution could negatively affect us.

Substantially all of our U.S. government backlog scheduled for delivery can be terminated at the convenience of the U.S. government because our contracts with the U.S. government typically provide that orders may be terminated with limited or no penalties. If we are unable to address any of the risks described above, or if we were to lose all or a substantial portion of our sales to the U.S. government, it could materially harm our business and impair the value of our common stock.

The funding of U.S. government programs is subject to congressional appropriations. Congress generally appropriates funds on a fiscal year basis even though a program may extend over several fiscal years. Consequently, programs are often only partially funded initially and additional funds are committed only as Congress makes further appropriations. In the event that appropriations for one of our programs become unavailable, or are reduced or delayed, our contract or subcontract under such program may be terminated or adjusted by the government, which could have a negative impact on our future sales and results of operations. Budget cuts to defense spending, such as those that took effect in March 2013 under the Budget Control Act of 2011, can exacerbate these problems. From time to time, when a formal appropriation bill has not been signed into law before the end of the U.S. government's fiscal year, Congress may pass a continuing resolution that authorizes agencies of the U.S. government to continue to operate, generally at the same funding levels from the prior year, but does not authorize new spending initiatives, during a certain period. During such period (or until the regular appropriation bills are passed), delays can occur in procurement of products and services due to lack of funding, and such delays can affect our results of operations during the period of delay.

Our Business Could Be Adversely Affected by a Negative Audit by the U.S. Government

As a government contractor, we are routinely subject to audit and review by the DCMA, the DCAA and other U.S. government agencies of our performance on government contracts, indirect rates and pricing practices, accounting and management internal control business systems, and compliance with applicable contracting and procurement laws, regulations and standards. Both contractors and the U.S. government agencies conducting these audits and reviews have come under increased scrutiny. In particular, audits and reviews have become more rigorous and the standards to which we are held are being more strictly interpreted, increasing the likelihood of an audit or review resulting in an adverse outcome. Increases in congressional scrutiny and investigations into business practices and major programs supported by contractors may lead to increased legal costs and may harm our reputation and profitability if we are among the targeted companies.

An adverse outcome to a review or audit or other failure to comply with applicable contracting and procurement laws, regulations and standards could result in material civil and criminal penalties and administrative sanctions being imposed on us, which may include termination of contracts, forfeiture of profits, triggering of price reduction clauses, suspension of payments, significant customer refunds, fines and suspension, or a prohibition on doing business with U.S. government agencies. In addition, if we fail to obtain an "adequate" determination of our various accounting and management internal control business systems from applicable U.S. government agencies or if allegations of impropriety are made against us, we could suffer serious harm to our business or our reputation, including our ability to bid on new contracts or receive contract renewals and our competitive position in the bidding process. Any of these outcomes could have a material adverse effect on our business, financial condition and results of operations.

Our incurred cost audits by the DCAA have not been concluded for fiscal year 2016 and subsequent fiscal years. As of March 31, 2017, the DCAA had completed its incurred cost audit for fiscal year 2004 and approved our incurred cost claims for fiscal years 2005 through 2015 without further audit. Although we have recorded contract revenues subsequent to fiscal year 2015 based upon an estimate of costs that we believe will be approved upon final audit or review, we do not know the outcome of any ongoing or future audits or reviews and adjustments, and if future adjustments exceed our estimates, our profitability would be adversely affected. For example, in the fourth quarter of fiscal year 2011, based on communications with the DCMA, changes in the regulatory environment for federal government contractors, the status of current government audits and other events, we recorded an additional $5.0 million in contract-related reserves for our estimate of potential refunds to customers for possible cost adjustments on several multi-year U.S. government cost reimbursable contracts. There can be no assurance that audits or reviews of our incurred costs and cost accounting systems for other fiscal years will not be subject to further audit, review or scrutiny by the DCAA or other government agencies.

Our Success Depends on the Investment in and Development of New Broadband Technologies and Advanced Communications and Secure Networking Systems, Products and Services, as well as their Market Acceptance

Broadband, advanced communications and secure networking markets are subject to rapid technological change, frequent new and enhanced product and service introductions, product obsolescence and changes in user requirements. Our ability to compete successfully in these markets depends on our success in applying our expertise and technology to existing and emerging broadband, advanced communications and secure networking markets, as well as our ability to successfully develop, introduce and sell new products and services on a timely and cost-effective basis that respond to ever-changing customer requirements, which depends on several factors, including:

- our ability to continue to develop leading satellite technologies, including the design of market-leading high-capacity Ka-band satellites;
- our ability to enhance our product and service offerings by continuing to increase satellite capacity, bandwidth cost-efficiencies and service quality and adding innovative features that differentiate our offerings from those of our competitors;
- successful integration of various elements of our complex technologies and system architectures;
- timely completion and introduction of new system and product designs;
- achievement of acceptable product and service costs;
- timely and efficient implementation of our manufacturing and assembly processes and cost reduction efforts;
- establishment of close working relationships with major customers for the design of their new communications and secure networking systems incorporating our products and services;
- development of competitive products, services and technologies by existing and new competitors;
- marketing and pricing strategies of our competitors with respect to competitive products and services; and
- market acceptance of our new products and services.

We cannot assure you that our new technology, product or service offerings will be successful or that any of the new technologies, products or services we offer will achieve sufficient market acceptance. The period of time from conception through satellite launch for a new satellite design may be three or four years or longer, thereby delaying our ability to realize the benefits of our investments in new satellite designs and technologies. We may experience difficulties that could delay or prevent us from successfully selecting, developing, manufacturing or marketing new technologies, products or services, and these efforts could divert our attention and resources from other projects. We cannot be sure that such efforts and expenditures will ultimately lead to the timely development of new offerings and technologies. Any delays could result in increased costs of development or divert resources from other projects. In addition, defects may be found in our products after we begin deliveries that could result in degradation of service quality, and the delay or loss of market acceptance. If we are unable to design, manufacture, integrate and market profitable new products and services for existing or emerging markets, it could materially harm our business, financial condition and results of operations, and impair the value of our common stock.

In addition, we believe that significant investments in next-generation broadband satellites and associated infrastructure will continue to be required as demand for broadband services and satellite systems with higher capacity and higher speed continues to grow. We are constantly evaluating the opportunities and investments related to the development of these next-generation broadband systems. The development of these capital-intensive next-generation systems may require us to undertake debt financing and/or the issuance of additional equity, which could expose us to increased risks and impair the value of our common stock. In addition, if we are unable to effectively or profitably design, manufacture, integrate and market such next-generation technologies, it could materially harm our business, financial condition and results of operations, and impair the value of our common stock.

Because Our Products Are Complex and Are Deployed in Complex Environments, Our Products May Have Defects that We Discover Only After Full Deployment, which Could Seriously Harm Our Business

We produce highly complex products that incorporate leading-edge technology, including both hardware and software. Software typically contains defects or programming flaws that can unexpectedly interfere with expected operations. In addition, our products are complex and are designed to be deployed across complex networks, which in some cases may include over a million users. Because of the nature of these products, there is no assurance that our pre-shipment testing programs will be adequate to detect all defects. As a result, our customers may discover errors or defects in our hardware or software, or our products may not operate as expected after they have been fully deployed. If we are unable to cure a product defect, we could experience damage to our reputation, reduced customer satisfaction, loss of existing customers and failure to attract new customers, failure to achieve market acceptance, cancellation of orders, loss of revenues, reduction in backlog and market share, increased service and warranty costs, diversion of development resources, legal actions by our customers, product returns or recalls, issuance of credit to customers and increased insurance costs. Further, due to the high volume nature of our consumer broadband business, defects of products in this business could significantly increase these risks. Defects, integration issues or other performance problems in our products could also result in financial or other damages to our customers. Our customers could seek damages for related losses from us, which could seriously harm our business, financial condition and results of operations. A product liability claim brought against us, even if unsuccessful, would likely be time consuming and costly. The occurrence of any of these problems would seriously harm our business, financial condition and results of operations.

Our Reputation and Business Could Be Materially Harmed as a Result of Data Breaches, Data Theft, Unauthorized Access or Hacking

Our success depends, in part, on the secure and uninterrupted performance of our information technology systems. An increasing number of companies have disclosed breaches of their security, some of which have involved sophisticated and highly targeted attacks on their computer networks. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems, change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. If unauthorized parties gain access to our information technology systems, they may be able to misappropriate assets or sensitive information (such as personally identifiable information of our customers, business partners and employees), cause interruption in our operations, corruption of data or computers, or otherwise damage our reputation and business. In such circumstances, we could be held liable to our customers or other parties, or be subject to regulatory or other actions for breaching privacy rules. Any compromise of our security could result in a loss of confidence in our security measures, and subject us to litigation, civil or criminal penalties, and negative publicity that could adversely affect our financial condition and results of operations. Further, if we are unable to comply with the security standards established by banks and the payment card industry, we may be subject to fines, restrictions, and expulsion from card acceptance programs, which could adversely affect our operations.

A Significant Portion of Our Revenues Is Derived from a Few of Our Contracts

A small number of our contracts account for a significant percentage of our revenues. Our five largest contracts generated approximately 20%, 19% and 21% of our total revenues in fiscal years 2017, 2016 and 2015, respectively. Our largest revenue-producing contracts are related to our tactical data links products and fixed satellite networks. The failure of these customers or any of our key distributors to place additional orders or to maintain their contracts with us for any reason, including any downturn in their business or financial condition or our inability to renew our contracts with these customers or obtain new contracts when they expire, could materially harm our business and impair the value of our common stock.

A number of our commercial customers have in the past, and may in the future, experience financial difficulties. Many of our commercial customers face risks that are similar to those we encounter, including risks associated with market growth, product defects, acceptance by the market of products and services, and the ability to obtain sufficient capital. Further, many of our customers and strategic partners that provide satellite-based services (including Xplornet and Eutelsat) could be materially affected by a satellite failure as well as by partial satellite failure, satellite performance degradation, satellite manufacturing errors and other failures resulting from operating satellites in the harsh environment of space. We cannot assure you that our customers will be successful in managing these risks. If our customers do not successfully manage these types of risks, it could impair our ability to generate revenues and collect amounts due from these customers and materially harm our business.

Our Development Contracts May Be Difficult for Us to Comply with and May Expose Us to Third-Party Claims for Damages

We are often party to government and commercial contracts involving the development of new products. We derived approximately 19%, 20% and 23% of our total revenues in fiscal years 2017, 2016 and 2015, respectively, from these development contracts. These contracts typically contain strict performance obligations and project milestones. We cannot assure you we will comply with these performance obligations or meet these project milestones in the future. If we are unable to comply with these performance obligations or meet these milestones, our customers may terminate these contracts and, under some circumstances, recover damages or other penalties from us. We are not currently, nor have we always been, in compliance with all outstanding performance obligations and project milestones in our contracts. We cannot assure you that the other parties to any such contract will not terminate the contract or seek damages from us. If other parties elect to terminate their contracts or seek damages from us, it could materially harm our business and impair the value of our common stock.

We May Experience Losses from Our Fixed-Price Contracts

Of our total government systems and commercial networks segments revenues, approximately 87%, 90% and 90% were derived from contracts with fixed prices in fiscal years 2017, 2016 and 2015, respectively. These contracts carry the risk of potential cost overruns because we assume all of the cost burden. We assume greater financial risk on fixed-price contracts than on other types of contracts because if we do not anticipate technical problems, estimate costs accurately or control costs during performance of a fixed-price contract, it may significantly reduce our net profit or cause a loss on the contract. In the past, we have experienced significant cost overruns and losses on fixed-price contracts. For example, in June 2010, we performed extensive integration testing of numerous system components that had been separately developed as part of a government satellite communication program. As a result of this testing and subsequent internal reviews and analyses, we determined that significant additional rework was required in order to complete the program requirements and specifications and to prepare for a scheduled customer test. This additional rework and engineering effort resulted in a substantial increase in estimated labor and material costs to complete the program. Accordingly, during the first quarter of fiscal year 2011, we recorded an additional forward loss of $8.5 million related to this estimate of program costs. Because many of these contracts involve new technologies and applications and can last for years, unforeseen events, such as technological difficulties, fluctuations in the price of raw materials, problems with our suppliers and cost overruns, can result in the contractual price becoming less favorable or even unprofitable to us over time. Furthermore, if we do not meet contract deadlines or specifications, we may need to renegotiate contracts on less favorable terms, be forced to pay penalties or liquidated damages or suffer major losses if the customer exercises its right to terminate. We believe a high percentage of our contracts in our government systems and commercial networks segments will be at fixed prices in the future. Although we attempt to accurately estimate costs for fixed-price contracts, we cannot assure you our estimates will be adequate or that substantial losses on fixed-price contracts will not occur in the future. If we are unable to address any of the risks described above, it could materially harm our business, financial condition and results of operations, and impair the value of our common stock.

Our Reliance on a Limited Number of Third Parties to Manufacture and Supply Our Products and the Components Contained therein Exposes Us to Various Risks

We expect our internal manufacturing capacity to be limited to supporting new product development activities, building customized products that need to be manufactured in strict accordance with a customer's specifications or delivery schedules, and building proprietary, highly sensitive ViaSat-designed products and components for use in our proprietary technology platform. Therefore, our internal manufacturing capacity has been, and is expected to continue to be, very limited and we intend to continue to rely on contract manufacturers to produce the majority of our products. In addition, some components, subassemblies and services necessary for the manufacture of our products are obtained from a sole source supplier or a limited group of suppliers.

Our reliance on contract manufacturers and on sole source suppliers or a limited group of suppliers involves several risks. We may not be able to obtain an adequate supply of required components, and our control over the price, timely delivery, reliability and quality of finished products may be reduced. The process of manufacturing our products and some of our components and subassemblies is extremely complex. We have in the past experienced and may in the future experience delays in the delivery of and quality problems with products and components and subassemblies from vendors. Some of the suppliers we rely upon have relatively limited financial and other resources. Some of our vendors have manufacturing facilities in areas that may be prone to natural disasters and other natural occurrences that may affect their ability to perform and deliver under our contract. If we are not able to obtain timely deliveries of components and subassemblies of acceptable quality or if we are otherwise required to seek alternative sources of supply or to substitute alternative technology, or to manufacture our finished products or components and subassemblies internally, our ability to satisfactorily and timely complete our customer obligations could be negatively impacted which could result in reduced sales, termination of contracts and damage to our reputation and relationships with our customers. This failure could also result in a customer terminating our contract for default. A default termination could expose us to liability and have a material adverse effect on our ability to compete for future contracts and orders. In addition, a delay in our ability to obtain components and equipment parts from our suppliers may affect our ability to meet our customers' needs and may have an adverse effect upon our profitability.

Our Level of Indebtedness May Adversely Affect Our Ability to Operate Our Business, Remain in Compliance with Debt Covenants, React to Changes in Our Business or the Industry in which We Operate, or Prevent Us from Making Payments on Our Indebtedness

We have a significant amount of indebtedness. As of March 31, 2017, the aggregate principal amount of our total outstanding indebtedness was $849.9 million, which comprised $575.0 million in principal amount of 6.875% Senior Notes due 2020 (2020 Notes), no outstanding borrowings under our revolving credit facility (the Revolving Credit Facility), $274.6 million in principal amount of outstanding borrowings under our direct loan facility with the Export-Import Bank of the United States for ViaSat-2 (the Ex-Im Credit Facility and, together with the Revolving Credit Facility, the Credit Facilities), and $0.3 million of other obligations. In addition, as of March 31, 2017 we had accrued $29.5 million in completion exposure fees expected to be financed under the Ex-Im Credit Facility.

Our high level of indebtedness could have important consequences. For example, it could:

- make it more difficult for us to satisfy our debt obligations;
- increase our vulnerability to general adverse economic and industry conditions;
- impair our ability to obtain additional debt or equity financing in the future for working capital, capital expenditures, product development, satellite construction, acquisitions or general corporate or other purposes;
- require us to dedicate a material portion of our cash flows from operations to the payment of principal and interest on our indebtedness, thereby reducing the availability of our cash flows to fund working capital needs, capital expenditures, product development, satellite construction, acquisitions and other general corporate purposes;

- expose us to the risk of increased interest rates to the extent we make borrowings under our Revolving Credit Facility, which bear interest at a variable rate;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a disadvantage compared to our competitors that have less indebtedness; and
- limit our ability to adjust to changing market conditions.

Any of these risks could materially impact our ability to fund our operations or limit our ability to expand our business, which could have a material adverse effect on our business, financial condition and results of operations.

We May Incur Additional Indebtedness, which Could Further Increase the Risks Associated with Our Leverage

We may incur significant additional indebtedness in the future, which may include financing relating to future satellites, potential acquisitions, joint ventures and strategic alliances, working capital, capital expenditures or general corporate purposes. For example, we may incur additional indebtedness to fund our investments in our ViaSat-3 class satellites. As of March 31, 2017, we had undrawn availability of $761.4 million under our Revolving Credit Facility and an undrawn commitment for ViaSat-2 related costs and the completion exposure fee of $82.5 million under our Ex-Im Credit Facility (excluding $29.5 million of accrued completion exposure fees), of which $74.4 million was available to finance ViaSat-2 related costs once incurred (prior to giving effect to the $24.3 million reduction in the size of the Ex-Im Credit Facility subsequent to fiscal year end, refer to Note 5 to the consolidated financial statements for further information). In addition, our Credit Facilities and the indenture governing the 2020 Notes permit us, subject to specified limitations, to incur additional indebtedness. In February 2016, we filed a universal shelf registration statement with the SEC for the future sale of an unlimited amount of debt securities, common stock, preferred stock, depositary shares, warrants and rights. The securities may be offered from time to time, separately or together, directly by us, by selling security holders, or through underwriters, dealers and agents at amounts, prices, interest rates and other terms to be determined at the time of the offering. If our level of indebtedness increases significantly, the related risks that we now face would intensify.

We May Not Be Able to Generate Sufficient Cash to Service All of Our Indebtedness and Fund Our Working Capital and Capital Expenditures, and May Be Forced to Take Other Actions to Satisfy Our Obligations under Our Indebtedness, which May Not Be Successful

Our ability to make scheduled payments on or to refinance our indebtedness will depend upon our future operating performance and on our ability to generate cash flow in the future, which is subject to general economic, financial, business, competitive, legislative, regulatory and other factors that are beyond our control. We cannot assure you that our business will generate sufficient cash flow from operations, or that future borrowings, including borrowings under our Credit Facilities, will be available to us in an amount sufficient to enable us to pay our indebtedness, or to fund our other liquidity needs. If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investment and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, such alternative actions may not allow us to meet our scheduled debt service obligations. Our Credit Facilities and the indenture governing the 2020 Notes restrict our ability to dispose of assets and use the proceeds from the disposition, and may also restrict our ability to raise debt or equity capital to repay or service our indebtedness. If we cannot make scheduled payments on our debt, we will be in default and, as a result, the lenders under our Credit Facilities and the holders of the 2020 Notes could declare all outstanding principal and interest to be due and payable, the lenders under our Credit Facilities could terminate their commitments to loan money and foreclose against the assets securing the borrowings under our Credit Facilities, and we could be forced into bankruptcy or liquidation, which could result in you losing your investment in our company.

We May Be Unable to Refinance Our Indebtedness

We may need to refinance all or a portion of our indebtedness before maturity, including the 2020 Notes and any indebtedness under our Credit Facilities. There can be no assurance that we will be able to obtain sufficient funds to enable us to repay or refinance our debt obligations on commercially reasonable terms, or at all.

Covenants in Our Debt Agreements Restrict Our Business and Could Limit Our Ability to Implement Our Business Plan

The Credit Facilities and the indenture governing the 2020 Notes contain covenants that may restrict our ability to implement our business plan, finance future operations, respond to changing business and economic conditions, secure additional financing, and engage in opportunistic transactions, such as strategic acquisitions. In addition, if we fail to satisfy the covenants contained in our Credit Facilities, our ability to borrow under our Credit Facilities may be restricted. The Credit Facilities and the indenture governing the 2020 Notes include covenants restricting, among other things, our ability to do the following:

- incur, assume or guarantee additional indebtedness;
- issue redeemable stock and preferred stock;
- grant or incur liens;
- sell or otherwise dispose of assets, including capital stock of subsidiaries;
- make loans and investments;
- pay dividends, make distributions, or redeem or repurchase capital stock;
- enter into transactions with affiliates;
- reduce our satellite insurance; and
- consolidate or merge with or into, or sell substantially all of our assets to, another person.

In addition, our Credit Facilities require us to comply with certain financial covenants, including a maximum total leverage ratio and minimum interest coverage ratio. Our Revolving Credit Facility is secured by first-priority liens on substantially all of the assets of our company, including the stock of our significant subsidiaries, and the assets of the subsidiary guarantors under our Revolving Credit Facility. Our Ex-Im Credit Facility is guaranteed by ViaSat and is secured by first-priority liens on the ViaSat-2 satellite and related assets, as well as the stock of our foreign subsidiary that will own the ViaSat-2 satellite.

If we default under our Credit Facilities or the indenture governing the 2020 Notes because of a covenant breach or otherwise, all outstanding amounts thereunder could become immediately due and payable. In the past we have violated the covenants in our former revolving credit facilities and received waivers for these violations. We cannot assure you that we will be able to comply with our financial or other covenants under our Credit Facilities or the indenture governing the 2020 Notes or that any covenant violations will be waived in the future. Any violation that is not waived could result in an event of default, permitting our lenders to declare outstanding indebtedness and interest thereon due and payable, and permitting the lenders under our Credit Facilities to suspend commitments to make any advance or, with respect to the Revolving Credit Facility, require any outstanding letters of credit to be collateralized by an interest bearing cash account, any or all of which could have a material adverse effect on our business, financial condition and results of operations. We cannot assure you that we would have sufficient funds to repay all the outstanding amounts under our Credit Facilities or the indenture governing the 2020 Notes, and any acceleration of amounts due would have a material adverse effect on our liquidity and financial condition.

We Depend on a Limited Number of Key Employees Who Would Be Difficult to Replace

We depend on a limited number of key technical, marketing and management personnel to manage and operate our business. In particular, we believe our success depends to a significant degree on our ability to attract and retain highly skilled personnel, including our Chairman of the Board and Chief Executive Officer, Mark Dankberg, and those highly skilled design, process and test engineers involved in the manufacture of existing products and the development of new products and processes. The competition for these types of personnel is intense, and the loss of key employees could materially harm our business and impair the value of our common stock. To the extent that the demand for qualified personnel exceeds supply, we could experience higher labor, recruiting or training costs in order to attract and retain such employees, or could experience difficulties in performing under our contracts if our needs for such employees were unmet.

The Global Business Environment and Economic Conditions Could Negatively Affect Our Business, Financial Condition and Results of Operations

Our business and operating results are affected by the global business environment and economic conditions, including changes in interest rates, consumer credit conditions, consumer debt levels, consumer confidence, rates of inflation, unemployment rates, energy costs, geopolitical issues and other macro-economic factors. For example, high unemployment levels or energy costs may impact our consumer customer base in our satellite services segment by reducing consumers' discretionary income and affecting their ability to subscribe for our broadband services. Our commercial networks segment similarly depends on the economic health and willingness of our customers and potential customers to make and adhere to capital and financial commitments to purchase our products and services. During periods of slowing global economic growth or recession, our customers or key suppliers may experience deterioration of their businesses, cash flow shortages, difficulty obtaining financing or insolvency. Existing or potential customers may reduce or postpone spending in response to tighter credit, negative financial news or declines in income or asset values, which could have a material negative effect on the demand for our products and services. Any of these factors could result in reduced demand for, and pricing pressure on, our products and services, which could lead to a reduction in our revenues and adversely affect our business, financial condition and results of operations.

In addition, U.S. credit and capital markets have experienced significant dislocations and liquidity disruptions from time to time. Uncertainty or volatility in credit or capital markets may negatively impact our ability to access additional debt or equity financing or to refinance existing indebtedness in the future on favorable terms or at all. Any of these risks could impair our ability to fund our operations or limit our ability to expand our business, which could have a material adverse effect on our business, financial condition and results of operations.

Because We Conduct Business Internationally, We Face Additional Risks Related to Global Political and Economic Conditions, Changes in Regulation and Currency Fluctuations

Approximately 13%, 15% and 17% of our total revenues in fiscal years 2017, 2016 and 2015, respectively, were derived from international sales. Many of our international sales may be denominated in foreign currencies. Because we do not currently engage in, nor do we anticipate engaging in, material foreign currency hedging transactions related to international sales, a decrease in the value of foreign currencies relative to the U.S. dollar could result in losses from transactions denominated in foreign currencies. This decrease in value could also make our products less price-competitive.

There are additional risks in conducting business internationally, including:

- unexpected changes in laws, policies and regulatory requirements, including but not limited to regulations related to import-export control;
- increased cost of localizing systems in foreign countries;
- increased sales and marketing and research and development expenses;
- availability of suitable export financing;
- timing and availability of export licenses;

- imposition of taxes, tariffs, embargoes and other trade barriers;
- political and economic instability or issues related to the political relationship between the United States and other countries;
- fluctuations in currency exchange rates, foreign exchange controls and restrictions on cash repatriation;
- compliance with a variety of international laws and U.S. laws affecting the activities of U.S. companies abroad;
- challenges in staffing and managing foreign operations;
- difficulties in managing distributors;
- requirements for additional liquidity to fund our international operations;
- ineffective legal protection of our intellectual property rights in certain countries;
- potentially adverse tax consequences;
- potential difficulty in making adequate payment arrangements; and
- potential difficulty in collecting accounts receivable.

In addition, some of our customer purchase agreements are governed by foreign laws, which may differ significantly from U.S. laws. We may be limited in our ability to enforce our rights under these agreements and to collect damages, if awarded. If we are unable to address any of the risks described above, it could materially harm our business and impair the value of our common stock.

Our Ability to Protect Our Proprietary Technology Is Limited

Our success depends significantly on our ability to protect our proprietary rights to the technologies we use in our products and services. We generally rely on a combination of patents, copyrights, trademarks and trade secret laws and contractual rights to protect our proprietary rights in our technology and products. We also enter into confidentiality agreements with our employees, consultants and corporate partners, and control access to and distribution of our proprietary information. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our products or technology. If we are unable to protect our proprietary rights adequately, our competitors could use the intellectual property we have developed to enhance their own products and services, which could materially harm our business and impair the value of our common stock. Monitoring and preventing unauthorized use of our technology is difficult. From time to time, we undertake actions to prevent unauthorized use of our technology, including sending cease and desist letters. In addition, we may be required to commence litigation to protect our intellectual property rights or to determine the validity and scope of the proprietary rights of others. For example, in February 2012 we successfully sued SS/L and its former parent company Loral Space & Communications, Inc. (Loral) for patent infringement and breach of contract relating to the manufacture of ViaSat-1 (see Note 13 to the consolidated financial statements). If we are unsuccessful in any such litigation in the future, our rights to enforce such intellectual property may be impaired or we could lose some or all of our rights to such intellectual property. We do not know whether the steps we have taken will prevent unauthorized use of our technology, including in foreign countries where the laws may not protect our proprietary rights as extensively as in the United States. If we are unable to protect our proprietary rights, we may find ourselves at a competitive disadvantage to others who need not incur the substantial expense, time and effort required to create the innovative products. Also, we have delivered certain technical data and information to the U.S. government under procurement contracts, and the U.S. government may have unlimited rights to use that technical data and information. There can be no assurance that the U.S. government will not authorize others to use that data and information to compete with us.

Our Involvement in Litigation Relating to Intellectual Property Claims May Have a Material Adverse Effect on Our Business

We may be party to intellectual property infringement, invalidity, right to use or ownership claims by third parties or claims for indemnification resulting from infringement claims. Regardless of the merit of these claims, intellectual property litigation can be time consuming and costly and may result in the diversion of the attention of technical and management personnel. An adverse result in any litigation could have a material adverse effect on our business, financial condition and results of operations. Asserted claims or initiated litigation can include claims against us or our manufacturers, suppliers or customers alleging infringement of their proprietary rights with respect to our existing or future products, or components of those products. If our products are found to infringe or violate the intellectual property rights of third parties, we may be forced to (1) seek licenses or royalty arrangements from such third parties, (2) stop selling, incorporating or using products that included the challenged intellectual property, or (3) incur substantial costs to redesign those products that use the technology. We cannot assure you that we would be able to obtain any such licenses or royalty arrangements on reasonable terms or at all or to develop redesigned products or, if these redesigned products were developed, they would perform as required or be accepted in the applicable markets.

We Rely on the Availability of Third-Party Licenses

Many of our products are designed to include software or other intellectual property licensed from third parties. It may be necessary in the future to seek or renew licenses relating to various elements of the technology used to develop these products. We cannot assure you that our existing or future third-party licenses will be available to us on commercially reasonable terms, if at all. Our inability to maintain or obtain any third-party license required to sell or develop our products and product enhancements could require us to obtain substitute technology of lower quality or performance standards, or at greater cost.

Adverse Resolution of Litigation May Harm Our Operating Results or Financial Condition

We are a party to various lawsuits and claims in the normal course of our business. Litigation can be expensive, lengthy and disruptive to normal business operations. Moreover, the results of complex legal proceedings are difficult to predict. An unfavorable resolution of a particular lawsuit could have a material adverse effect on our business, financial condition and results of operations.

Future Sales of Our Common Stock Could Lower Our Stock Price and Dilute Existing Stockholders

In February 2016, we filed a universal shelf registration statement with the SEC for the future sale of an unlimited amount of common stock, preferred stock, debt securities, depositary shares, warrants and rights. The securities may be offered from time to time, separately or together, directly by us, by selling security holders, or through underwriters, dealers or agents at amounts, prices, interest rates and other terms to be determined at the time of the offering. For example, during the third quarter of fiscal year 2017 we completed the sale of approximately 7.5 million shares of our common stock in an underwritten public offering.

We may also issue additional shares of common stock to finance future acquisitions through the use of equity. For example, during the third quarter of fiscal year 2010 we issued approximately 4.3 million shares of our common stock to former equity and debt holders of WildBlue Holding, Inc. (WildBlue) in connection with our acquisition of WildBlue. Additionally, a substantial number of shares of our common stock are available for future sale pursuant to stock options, warrants or issuance pursuant to our 1996 Equity Participation Plan of ViaSat, Inc. and the ViaSat, Inc. Employee Stock Purchase Plan. We cannot predict the size of future issuances of our common stock or the effect, if any, that future sales and issuances of shares of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including shares issued upon the exercise of stock options and warrants or in connection with acquisition financing), or the perception that such sales could occur, may adversely affect prevailing market prices for our common stock. In addition, these sales may be dilutive to existing stockholders.

We Expect Our Stock Price to Be Volatile, and You May Lose All or Some of Your Investment

The market price of our common stock has been volatile in the past. For example, since April 1, 2015, the market price of our common stock has ranged from $56.02 to $82.19. Trading prices may continue to fluctuate in response to a number of events and factors, including the following:

- quarterly variations in operating results and announcements of innovations;
- announcements relating to the acquisition, construction and launch of satellites or the uptake of our in-flight services and broadband systems by commercial airlines;
- new products, services and strategic developments by us or our competitors;
- developments in our relationships with our customers, distributors, suppliers and joint venture partners;
- regulatory developments;
- changes in our revenues, expense levels or profitability;
- changes in financial estimates and recommendations by securities analysts;
- failure to meet the expectations of securities analysts;
- changes in the satellite and wireless communications and secure networking industries; and
- changes in the economy.

Any of these events may cause the market price of our common stock to fall. In addition, the stock market in general and the market prices for technology companies in particular have experienced significant volatility that often has been unrelated to the operating performance of these companies. These broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our operating performance.

We May Not Be Able to Utilize All of Our Deferred Tax Assets

We currently believe that we are likely to have sufficient taxable income in the future to realize the benefit of all of our net deferred tax assets (consisting primarily of net operating loss and tax credit carryforwards, reserves and accruals that are not currently deductible for tax purposes). However, some or all of these deferred tax assets could expire unused if we are unable to generate sufficient taxable income in the future to take advantage of them or we enter into transactions that limit our right to use them. If it became more likely than not that deferred tax assets would expire unused, we would have to increase our valuation allowance against deferred tax assets to reflect this fact, which could materially increase our income tax expense, and therefore adversely affect our results of operations and tangible net worth in the period in which it is recorded.

Moreover, our ability to utilize our net operating loss and tax credit carryforwards to offset future taxable income and reduce future cash tax liabilities would be negatively impacted if we were to experience an "ownership change," as defined in Section 382 of the Internal Revenue Code (the Code). In general terms, an "ownership change" can occur whenever one or more "5% stockholders" collectively change the ownership of a company by more than 50 percentage points within a three-year period. The determination of whether an ownership change has occurred for purposes of Section 382 of the Code is complex and requires significant judgment. Moreover, the number of shares of our common stock outstanding at any particular time for purposes of Section 382 of the Code may differ from the number of shares that we report as outstanding in our filings with the SEC. In the event that an ownership change occurs, our ability to utilize our net operating loss and tax credit carryforwards would be negatively impacted, which could have a material adverse effect on our business, financial condition and results of operations.

Our Executive Officers and Directors Own a Significant Percentage of Our Common Stock and May Exert Significant Influence over Matters Requiring Stockholder Approval

As of March 31, 2017, our executive officers and directors and their affiliates beneficially owned an aggregate of approximately 8% of our common stock. Accordingly, these stockholders may be able to significantly influence matters requiring approval by our stockholders, including the election of directors and the approval of mergers or other business combination transactions. Circumstances may arise in which the interests of these stockholders could conflict with the interests of our other stockholders. These stockholders could delay or prevent a change in control of ViaSat even if such a transaction would be beneficial to our other stockholders.

Provisions in Our Certificate of Incorporation and Bylaws, under Delaware Law and in Our Credit Facilities May Discourage, Delay or Prevent a Change in Control or Prevent an Acquisition of Our Business at a Premium Price

Some of the provisions of our certificate of incorporation, our bylaws and Delaware law could discourage, delay or prevent an acquisition of our business, even if a change in control of ViaSat would be beneficial to the interests of our stockholders and was made at a premium price. These provisions:

- permit the board of directors to increase its own size and fill the resulting vacancies;
- provide for a board comprised of three classes of directors with each class serving a staggered three-year term;
- authorize the issuance of blank check preferred stock in one or more series; and
- prohibit stockholder action by written consent.

We are also subject to Section 203 of the Delaware General Corporation Law, which imposes restrictions on mergers and other business combinations between us and any holder of 15% or more of our common stock. In addition, under the indenture governing the 2020 Notes, if certain “change of control” events occur, each holder of 2020 Notes may require us to repurchase all of such holder’s 2020 Notes at a purchase price equal to 101% of the principal amount of such notes. Additionally, our Credit Facilities provide for an event of default upon the occurrence of certain specified “change of control” events.

ITEM 1B. *UNRESOLVED STAFF COMMENTS*

None.

ITEM 2. *PROPERTIES*

Our worldwide headquarters are located at our Carlsbad, California campus, consisting of approximately 695,000 square feet under various leases. In addition to our Carlsbad campus, we have facilities under various leases consisting of approximately: (1) 4,000 square feet in San Diego, California, (2) 125,000 square feet in Englewood, Colorado, (3) 188,000 square feet in Duluth, Georgia, (4) 71,000 square feet in Germantown, Maryland, (5) 151,000 square feet in Tempe, Arizona, (6) 31,000 square feet in Cleveland, Ohio and (7) 20,000 square feet in San Jose, CA. We also maintain offices or a sales presence in Washington, D.C., Boston (Massachusetts), Linthicum Heights and Aberdeen (Maryland), Tampa (Florida), Bryan and College Station (Texas), Southern Pines (North Carolina), Australia, China, India, Israel, Italy, Ireland, Switzerland and the United Kingdom, and operate 23 earth station locations to support our satellite broadband services business across the United States and Canada. Although we believe that our existing facilities are suitable and adequate for our present purposes, we anticipate operating additional regional sales offices in fiscal year 2018 and beyond. Each of our segments uses each of these facilities.

ITEM 3. ***LEGAL PROCEEDINGS***

From time to time, we are involved in a variety of claims, suits, investigations and proceedings arising in the ordinary course of business, including government investigations and claims, and other claims and proceedings with respect to intellectual property, breach of contract, labor and employment, tax and other matters. Such matters could result in fines; penalties, compensatory, treble or other damages; or non-monetary relief. A violation of government contract laws and regulations could also result in the termination of our government contracts or debarment from bidding on future government contracts. Although claims, suits, investigations and proceedings are inherently uncertain and their results cannot be predicted with certainty, we believe that the resolution of our current pending matters will not have a material adverse effect on our business, financial condition, results of operations or liquidity. Regardless of the outcome, litigation can have an adverse impact on us because of defense costs, diversion of management resources and other factors. In addition, it is possible that an unfavorable resolution of one or more such proceedings could in the future materially and adversely affect our business, financial condition, results of operations or liquidity in a particular period. For further information on the risks we face from existing and future claims, suits, investigations and proceedings, see “Risk Factors” in Part I, Item 1A of this report.

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*

Price Range of Common Stock

Our common stock is traded on the Nasdaq Global Select Market under the symbol "VSAT." The following table sets forth, for the periods indicated, the range of high and low sales prices of our common stock as reported by Nasdaq.

	High	Low
Fiscal Year 2016		
First Quarter	$64.74	$59.50
Second Quarter	65.22	56.07
Third Quarter	71.41	58.18
Fourth Quarter	76.58	56.02
Fiscal Year 2017		
First Quarter	$79.15	$65.80
Second Quarter	76.77	68.84
Third Quarter	82.19	65.89
Fourth Quarter	69.72	62.25

As of May 12, 2017, there were approximately 612 holders of record of our common stock. A substantially greater number of holders of ViaSat common stock are "street name" or beneficial holders, whose shares are held of record by banks, brokers and other financial institutions.

Dividend Policy

To date, we have neither declared nor paid any dividends on our common stock. We currently intend to retain all future earnings, if any, for use in the operation and development of our business and, therefore, do not expect to declare or pay any cash dividends on our common stock in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of the Board of Directors and will be dependent upon our financial condition, results of operations, capital requirements, general business condition and such other factors as the Board of Directors may deem relevant. In addition, as more fully described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7, the existing terms of our Credit Facilities and the indenture governing our 2020 Notes restrict our ability to declare or pay dividends on our common stock.

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ITEM 6. ***SELECTED FINANCIAL DATA***

The following table provides our selected financial information for each of the fiscal years in the five-year period ended March 31, 2017. The data as of and for each of the fiscal years in the five-year period ended March 31, 2017 have been derived from our audited consolidated financial statements, except as otherwise noted. You should consider the financial statement data provided below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes which are included elsewhere in this Annual Report.

	Fiscal Years Ended				
	March 31, 2017	March 31, 2016	April 3, 2015	April 4, 2014	March 29, 2013
	(In thousands, except per share data)				
Consolidated Statements of Operations Data:					
Revenues:					
Product revenues	$ 713,936	$ 664,821	$ 728,074	$ 785,738	$ 664,417
Service revenues	845,401	752,610	654,461	565,724	455,273
Total revenues	1,559,337	1,417,431	1,382,535	1,351,462	1,119,690
Operating expenses:					
Cost of product revenues	524,026	489,246	519,483	571,855	484,973
Cost of service revenues	524,949	495,099	444,431	419,425	363,188
Selling, general and administrative	333,468	298,345	270,841	281,533	240,859
Independent research and development	129,647	77,184	46,670	60,736	35,448
Amortization of acquired intangible assets	10,788	16,438	17,966	14,614	15,584
Income (loss) from operations	36,459	41,119	83,144	3,299	(20,362)
Interest expense, net	(11,075)	(23,522)	(29,426)	(37,903)	(43,820)
Loss on extinguishment of debt	—	—	—	—	(26,501)
Income (loss) before income taxes	25,384	17,597	53,718	(34,604)	(90,683)
Provision for (benefit from) income taxes	3,617	(4,173)	13,827	(25,947)	(50,054)
Net income (loss)	21,767	21,770	39,891	(8,657)	(40,629)
Less: net (loss) income attributable to noncontrolling interests, net of tax	(2,000)	29	(472)	789	543
Net income (loss) attributable to ViaSat, Inc.	$ 23,767	$ 21,741	$ 40,363	$ (9,446)	$ (41,172)
Basic net income (loss) per share attributable to ViaSat, Inc. common stockholders	$ 0.45	$ 0.45	$ 0.86	$ (0.21)	$ (0.94)
Diluted net income (loss) per share attributable to ViaSat, Inc. common stockholders	$ 0.45	$ 0.44	$ 0.84	$ (0.21)	$ (0.94)
Shares used in computing basic net income (loss) per share	52,318	48,464	47,139	45,744	43,931
Shares used in computing diluted net income (loss) per share	53,396	49,445	48,285	45,744	43,931
Consolidated Balance Sheets Data:					
Cash and cash equivalents	$ 130,098	$ 42,088	$ 52,263	$ 58,347	$ 105,738
Working capital (1) (2)	289,339	241,567	221,685	217,641	271,217
Total assets (1)	2,954,653	2,397,312	2,147,405	1,951,160	1,783,680
Senior notes, net (2)	575,380	575,304	575,144	574,906	574,601
Other long-term debt (2)	273,103	370,224	220,276	105,900	1,456
Other liabilities	42,722	37,371	39,995	48,893	52,640
Total ViaSat, Inc. stockholders' equity	1,734,618	1,129,103	1,038,582	941,012	903,001

(1) In November 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes, which simplifies the presentation of deferred income taxes by requiring deferred tax assets and liabilities be classified as non-current on the balance sheet. We early adopted this standard retrospectively and reclassified all of our current deferred tax assets to non-current deferred tax assets on our consolidated balance sheets for all periods presented.

(2) During the first quarter of fiscal year 2017, we adopted ASU 2015-03. The retrospective adoption of this guidance resulted in the reclassification of unamortized debt issuance costs as a direct deduction from the carrying amounts of our 2020 Notes and the Ex-Im Credit Facility, consistent with unamortized discount, for all periods presented.

Our fiscal year 2013 information presented reflects the repurchase and redemption of our former 8.875% Senior Notes due 2016 and the associated $26.5 million loss on extinguishment of debt. Our fiscal year 2015 information presented reflects the amounts realized under our settlement agreement with SS/L and Loral (the Settlement Agreement) of $53.7 million, of which $33.0 million was recognized as product revenues in our satellite services segment, $18.7 million was recognized as a reduction to SG&A expenses in our satellite services segment, and $2.0 million was recognized as interest income in the consolidated financial statements. Our fiscal year 2016 information presented reflects the amounts realized under the Settlement Agreement of $27.5 million, of which $25.3 million was recognized as product revenues in our satellite services segment, and $2.2 million was recognized as interest income in the consolidated financial statements. Our fiscal year 2017 information presented reflects amounts realized under the Settlement Agreement of $27.5 million, of which $26.8 million was recognized as product revenues in our satellite services segment, and $0.7 million was recognized as interest income in the consolidated financial statements. As of March 31, 2017 all payments pursuant to the Settlement Agreement have been recorded and no further impacts to our consolidated financial statements are anticipated related to the Settlement Agreement. Refer to Note 13 to the consolidated financial statements for discussion of the amounts realized under the Settlement Agreement. Our fiscal year 2017 information presented also reflects the amounts accrued for uncharacterized damages and penalties of $11.4 million and $0.4 million, respectively, in connection with the False Claims Act civil investigation related to our 52% majority-owned subsidiary TrellisWare, recognized in SG&A expenses in our government systems segment. The impact of the loss contingency on net income attributable to ViaSat, Inc. stockholders for fiscal year 2017, net of tax, was $4.0 million, with the related amount of $3.7 million recorded to net (loss) income attributable to noncontrolling interests, net of tax. The impact of the loss contingency on basic and diluted net income per share attributable to ViaSat, Inc. common stockholders for fiscal year 2017 was $0.08 per share and $0.07 per share, respectively. At this time, we cannot determine with certainty how or whether the TrellisWare investigation will conclude or whether this will be the final amount of damages and penalties. Refer to Note 13 to the consolidated financial statements for further discussion of the False Claims Act civil investigation.

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

Company Overview

We are an innovator in broadband technologies and services. Our end-to-end platform of high-capacity Ka-band satellites, ground infrastructure and user terminals enables us to provide cost-effective, high-speed, high-quality broadband solutions to enterprises, consumers and government users around the globe, whether on the ground, on the move or in flight. In addition, we develop and provide advanced wireless communications systems, secure networking systems and cybersecurity and information assurance products and services. Our product, system and service offerings are often linked through common underlying technologies, customer applications and market relationships. We believe that our portfolio of products and services, combined with our ability to effectively cross-deploy technologies between government and commercial segments and across different geographic markets, provides us with a strong foundation to sustain and enhance our leadership in advanced communications and networking technologies. ViaSat operates in three segments: satellite services, commercial networks and government systems.

On November 23, 2016, we completed the sale of an aggregate of 7,475,000 shares of ViaSat common stock in an underwritten public offering. Our net proceeds from the offering were approximately $503.1 million after deducting underwriting discounts and offering expenses. In November 2016, we used $225.0 million of the net proceeds from the offering to repay outstanding borrowings under the Revolving Credit Facility. We expect to use the remaining net proceeds for general corporate purposes, which may include financing costs related to the purchase, launch and operation of satellites, potential acquisitions, joint ventures and strategic alliances, working capital or capital expenditures.

Satellite Services

Our satellite services segment provides satellite-based high-speed broadband services to consumers, enterprises, commercial airlines and mobile broadband customers. Our Exede broadband services offer high-speed, high-quality broadband internet access primarily in the United States. We also offer high-speed internet and other in-flight services for a growing number of commercial aircraft both in the United States and abroad. Our satellite services business also provides a platform for the provision of network management services to domestic and international satellite service providers. Our satellite services business uses our proprietary technology platform to provide broadband services with multiple applications. Our proprietary Ka-band satellites are at the core of our technology platform. The ViaSat-1 satellite (our first-generation high-capacity Ka-band spot-beam satellite) was placed into service in January 2012. Our second-generation ViaSat-2 satellite is currently located at the Arianespace launch facility in French Guiana and is undergoing preparations for launch into orbit. Due to recent civil unrest in French Guiana, the scheduled launch date of our ViaSat-2 satellite was further delayed and is currently expected to occur in June 2017 following completion of the launch preparation process. We currently have two third-generation ViaSat-3 class satellites under construction. We also own the WildBlue-1 satellite, which was placed into service in March 2007.

The primary services offered by our satellite services segment are comprised of:

- Fixed broadband services under the Exede and WildBlue brands offered to consumers and businesses primarily in the United States, which provide users with high-speed broadband internet access and VoIP services. As of March 31, 2017, we provided broadband internet services to approximately 659,000 consumer and small business subscribers.
- In-flight services, including our flagship ViaSat in-flight internet services and aviation software services. As of March 31, 2017, 559 commercial aircraft were in service utilizing our ViaSat in-flight internet services.
- Mobile broadband services, which provide global network management and high-speed internet connectivity services for customers using airborne, maritime and ground-mobile satellite systems.
- Enterprise broadband services, which include business connectivity, live on-line event streaming, oil and natural gas data gathering services and high-definition satellite news gathering.

On March 3, 2017, we consummated our strategic partnering arrangement with Eutelsat for the ownership and operation of satellite broadband infrastructure, equipment, and provision of satellite-based broadband internet services in the European region. At the closing of the transaction, Eutelsat contributed and transferred assets relating to its existing wholesale satellite broadband business (including its KA-SAT satellite) to Euro Infrastructure Co. in exchange for the issuance of new shares in such subsidiary, and immediately following such contribution and issuance, we purchased 49% of the issued shares of Euro Infrastructure Co. from Eutelsat for cash consideration of $139.5 million. Our total net cash outlay for this investment in Euro Infrastructure Co., including approximately $2.4 million of transaction costs, was approximately $141.9 million. Also at the closing, Eutelsat purchased 49% of the issued shares of Euro Retail Co. for an immaterial amount. Under the strategic partnering arrangement, Euro Infrastructure Co. owns and operates the KA-SAT satellite and related assets and offers wholesale satellite capacity services in the European region, and Euro Retail Co. purchases wholesale satellite capacity services and offers retail satellite-based broadband internet services in the European region.

In September 2014, we entered into the Settlement Agreement with SS/L and Loral, pursuant to which SS/L and Loral were required to pay us a total of $108.7 million, inclusive of interest, over a two and a half year period from the date of settlement. In exchange, we dismissed both lawsuits against SS/L and Loral. The parties further agreed not to sue each other with respect to the patents and intellectual property that were the subject of the lawsuits and, for a period of two years, not to sue each other or each other's customers for any intellectual property claims. We record payments under the Settlement Agreement as product revenues and as a reduction of SG&A expenses in our satellite services segment, and as interest income. For further information, see Note 13 to the consolidated financial statements.

Commercial Networks

Our commercial networks segment develops and produces a variety of advanced satellite and wireless products, systems and solutions that enable the provision of high-speed fixed and mobile broadband services. Our products, systems and solutions include an array of satellite-based and wireless broadband platforms, networking equipment, space hardware, radio frequency and advanced microwave solutions, space-to-earth connectivity systems, CPE, satellite modems and antenna technologies, as well as satellite payload development and ASIC chip design. Our products, systems and solutions are generally developed through a combination of customer and discretionary internal research and development funding, are utilized to provide services through our satellite services segment and are also sold to commercial networks customers (with sales of complementary products, systems and solutions to government customers included in our government systems segment). The primary products, systems, solutions and services offered by our commercial networks segment are comprised of:

- Mobile broadband satellite communication systems, designed for use in aircraft and seagoing vessels.
- Fixed satellite networks, including next-generation satellite network infrastructure and ground terminals to access Ka-band broadband services on high-capacity satellites.
- Antenna systems specializing in earth imaging, remote sensing, mobile satellite communication, Ka-band earth stations and other multi-band antennas.
- Satellite networking development, including specialized design and technology services covering all aspects of satellite communication system architecture and technology, including satellite and ground systems, fabless semiconductor design for ASIC and MMIC chips and WAN compression for enterprise networks, as well as modules and subsystems for various commercial, military and space uses and radio frequency and advanced microwave solutions. We also design and develop high-capacity Ka-band satellites as part of our commercial networks segment (both for our own satellite fleet and for third parties) and design, develop and produce the associated satellite payload technologies.

Government Systems

Our government systems segment provides global mobile broadband services to military and government users, and develops and produces network-centric IP-based fixed and mobile secure communications products and solutions that are designed to enable the collection and dissemination of secure real-time digital information between individuals on the tactical edge, command centers, strategic communications nodes, ground and maritime platforms and airborne intelligence and defense platforms. Customers of our government systems segment include the U.S. Department of Defense (DoD), allied foreign governments, allied armed forces, public safety first-responders and remote government employees.

The primary products and services of our government systems segment include:

- Government mobile broadband products and services, which provide military and government users with high-speed, real-time, broadband and multimedia connectivity in key regions of the world, as well as line-of-sight and beyond-line-of-sight ISR missions.

- Government satellite communication systems, which comprise an array of portable, mobile and fixed broadband modems, terminals, network access control systems and antenna systems using a range of satellite frequency bands for C2 missions, satellite networking services and network management systems for Wi-Fi and other internet access networks, and include products designed for manpacks, aircraft, UAVs, seagoing vessels, ground-mobile vehicles and fixed applications.
- Cybersecurity and information assurance products, which provide advanced, high-speed IP-based "Type 1" and HAIPE-compliant encryption solutions that enable military and government users to communicate information securely over networks, and that secure data stored on computers and storage devices.
- Tactical data links, including our BATS-D handheld Link 16 radios, our KOR-24A 2-channel Small Tactical Terminal for manned and unmanned applications, "disposable" defense data links, our MIDS terminals for military fighter jets and their successor, MIDS-JTRS terminals.

Sources of Revenues

Our satellite services segment revenues are primarily derived from our fixed broadband services business, our in-flight services business and our worldwide managed network services.

Revenues in our commercial networks and government systems segments are primarily derived from three types of contracts: fixed-price, time-and-materials and cost-reimbursement contracts. Fixed-price contracts (which require us to provide products and services under a contract at a specified price) comprised approximately 87%, 90% and 90% of our total revenues for these segments for fiscal years 2017, 2016 and 2015, respectively. The remainder of our revenue in these segments for such periods was derived primarily from cost-reimbursement contracts (under which we are reimbursed for all actual costs incurred in performing the contract to the extent such costs are within the contract ceiling and allowable under the terms of the contract, plus a fee or profit) and from time-and-materials contracts (which reimburse us for the number of labor hours expended at an established hourly rate negotiated in the contract, plus the cost of materials utilized in providing such products or services).

Our ability to grow and maintain our revenues in our commercial networks and government systems segments has to date depended on our ability to identify and target markets where the customer places a high priority on the technology solution, and our ability to obtain additional sizable contract awards. Due to the nature of this process, it is difficult to predict the probability and timing of obtaining awards in these markets.

Historically, a significant portion of our revenues in our commercial networks and government systems segments has been derived from customer contracts that include the research and development of products. The research and development efforts are conducted in direct response to the customer's specific requirements and, accordingly, expenditures related to such efforts are included in cost of sales when incurred and the related funding (which includes a profit component) is included in revenues. Revenues for our funded research and development from our customer contracts were approximately 19%, 20% and 23% of our total revenues during fiscal years 2017, 2016 and 2015, respectively.

We also incur IR&D expenses, which are not directly funded by a third party. IR&D expenses consist primarily of salaries and other personnel-related expenses, supplies, prototype materials, testing and certification related to research and development projects. IR&D expenses were approximately 8%, 5% and 3% of total revenues in fiscal years 2017, 2016 and 2015, respectively. As a government contractor, we are able to recover a portion of our IR&D expenses pursuant to our government contracts.

Approximately 13%, 15% and 17% of our total revenues in fiscal years 2017, 2016 and 2015, respectively, were derived from international sales. Doing business internationally creates additional risks related to global political and economic conditions and other factors identified under the heading "Risk Factors" in Item 1A and elsewhere in this report.

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We consider the policies discussed below to be critical to an understanding of our financial statements because their application places the most significant demands on management's judgment, with financial reporting results relying on estimation about the effect of matters that are inherently uncertain. We describe the specific risks for these critical accounting policies in the following paragraphs. For all of these policies, we caution that future events rarely develop exactly as forecast, and even the best estimates routinely require adjustment.

Revenue recognition

A substantial portion of our revenues is derived from long-term contracts requiring development and delivery of complex equipment built to customer specifications. Sales related to these contracts are accounted for under the authoritative guidance for the percentage-of-completion method of accounting (Accounting Standards Codification (ASC) 605-35). Sales and earnings under these contracts are recorded either based on the ratio of actual costs incurred to date to total estimated costs expected to be incurred related to the contract, or as products are shipped under the units-of-delivery method.

The percentage-of-completion method of accounting requires management to estimate the profit margin for each individual contract and to apply that profit margin on a uniform basis as sales are recorded under the contract. The estimation of profit margins requires management to make projections of the total sales to be generated and the total costs that will be incurred under a contract. These projections require management to make numerous assumptions and estimates relating to items such as the complexity of design and related development costs, performance of subcontractors, availability and cost of materials, labor productivity and cost, overhead and capital costs and manufacturing efficiency. These contracts often include purchase options for additional quantities and customer change orders for additional or revised product functionality. Purchase options and change orders are accounted for either as an integral part of the original contract or separately depending upon the nature and value of the item. For contract claims or similar items, we apply judgment in estimating the amounts and assessing the potential for realization. These amounts are only included in contract value when they can be reliably estimated and realization is considered probable. Anticipated losses on contracts are recognized in full in the period in which losses become probable and estimable. During fiscal years 2017, 2016 and 2015, we recorded losses of approximately $6.0 million, $5.1 million and $0.6 million, respectively, related to loss contracts.

Assuming the initial estimates of sales and costs under a contract are accurate, the percentage-of-completion method results in the profit margin being recorded evenly as revenue is recognized under the contract. Changes in these underlying estimates due to revisions in sales and future cost estimates or the exercise of contract options may result in profit margins being recognized unevenly over a contract as such changes are accounted for on a cumulative basis in the period estimates are revised. We believe we have established appropriate systems and processes to enable us to reasonably estimate future costs on our programs through regular evaluations of contract costs, scheduling and technical matters by business unit personnel and management. Historically, in the aggregate, we have not experienced significant deviations in actual costs from estimated program costs, and when deviations that result in significant adjustments arise, we disclose the related impact in Management's Discussion and Analysis of Financial Condition and Results of Operations. However, these estimates require significant management judgment and a significant change in future cost estimates on one or more programs could have a material effect on our results of operations. A one percent variance in our future cost estimates on open fixed-price contracts as of March 31, 2017 would change our income before income taxes by approximately $0.4 million.

We also derive a substantial portion of our revenues from contracts and purchase orders where revenue is recorded on delivery of products or performance of services in accordance with the authoritative guidance for revenue recognition (ASC 605). Under this standard, we recognize revenue when an arrangement exists, prices are determinable, collectability is reasonably assured and the goods or services have been delivered.

We also enter into certain leasing arrangements with customers and evaluate the contracts in accordance with the authoritative guidance for leases (ASC 840). Our accounting for equipment leases involves specific determinations under the authoritative guidance for leases, which often involve complex provisions and significant judgments. In accordance with the authoritative guidance for leases, we classify the transactions as sales type or operating leases based on: (1) review for transfers of ownership of the equipment to the lessee by the end of the lease term, (2) review of the lease terms to determine if it contains an option to purchase the leased equipment for a price which is sufficiently lower than the expected fair value of the equipment at the date of the option, (3) review of the lease term to determine if it is equal to or greater than 75% of the economic life of the equipment, and (4) review of the present value of the minimum lease payments to determine if they are equal to or greater than 90% of the fair market value of the equipment at the inception of the lease. Additionally, we consider the cancelability of the contract and any related uncertainty of collections or risk in recoverability of the lease investment at lease inception. Revenue from sales type leases is recognized at the inception of the lease or when the equipment has been delivered and installed at the customer site, if installation is required. Revenues from equipment rentals under operating leases are recognized as earned over the lease term, which is generally on a straight-line basis.

In accordance with the authoritative guidance for revenue recognition for multiple element arrangements, ASU 2009-13, Revenue Recognition (ASC 605) Multiple-Deliverable Revenue Arrangements, which updates ASC 605-25, Revenue Recognition-Multiple element arrangements, of FASB codification, for substantially all of the arrangements with multiple deliverables, we allocate revenue to each element based on a selling price hierarchy at the arrangement inception. The selling price for each element is based upon the following selling price hierarchy: vendor specific objective evidence (VSOE) if available, third-party evidence (TPE) if VSOE is not available, or estimated selling price (ESP) if neither VSOE nor TPE are available (a description as to how we determine VSOE, TPE and ESP is provided below). If a tangible hardware systems product includes software, we determine whether the tangible hardware systems product and the software work together to deliver the product's essential functionality and, if so, the entire product is treated as a nonsoftware deliverable. The total arrangement consideration is allocated to each separate unit of accounting for each of the nonsoftware deliverables using the relative selling prices of each unit based on the aforementioned selling price hierarchy. Revenue for each separate unit of accounting is recognized when the applicable revenue recognition criteria for each element have been met.

To determine the selling price in multiple-element arrangements, we establish VSOE of the selling price using the price charged for a deliverable when sold separately. We also consider specific renewal rates offered to customers for software license updates, product support and hardware systems support, and other services. For nonsoftware multiple-element arrangements, TPE is established by evaluating similar and/or interchangeable competitor products or services in standalone arrangements with similarly situated customers and/or agreements. If we are unable to determine the selling price because VSOE or TPE doesn't exist, we determine ESP for the purposes of allocating the arrangement by reviewing historical transactions, including transactions whereby the deliverable was sold on a standalone basis and considering several other external and internal factors including, but not limited to, pricing practices including discounting, margin objectives, competition, the geographies in which we offer our products and services, the type of customer (i.e. distributor, value added reseller, government agency or direct end user, among others), volume commitments and the stage of the product lifecycle. The determination of ESP considers our pricing model and go-to-market strategy. As our or our competitors' pricing and go-to-market strategies evolve, we may modify our pricing practices in the future, which could result in changes to our determination of VSOE, TPE and ESP. As a result, our future revenue recognition for multiple-element arrangements could differ materially from those in the current period.

Collections in excess of revenues and deferred revenues represent cash collected from customers in advance of revenue recognition and are recorded in accrued liabilities for obligations within the next 12 months. Amounts for obligations extending beyond the 12 months are recorded within other liabilities in the consolidated financial statements.

Warranty reserves

We provide limited warranties on our products for periods of up to five years. We record a liability for our warranty obligations when we ship the products or they are included in long-term construction contracts based upon an estimate of expected warranty costs. Amounts expected to be incurred within 12 months are classified as accrued liabilities and amounts expected to be incurred beyond 12 months are classified as other liabilities in the consolidated financial statements. For mature products, we estimate the warranty costs based on historical experience with the particular product. For newer products that do not have a history of warranty costs, we base our estimates on our experience with the technology involved and the types of failures that may occur. It is possible that our underlying assumptions will not reflect the actual experience, and in that case, we will make future adjustments to the recorded warranty obligation.

Property, equipment and satellites

Satellites and other property and equipment are recorded at cost or in the case of certain satellites and other property acquired, the fair value at the date of acquisition, net of accumulated depreciation. Capitalized satellite costs consist primarily of the costs of satellite construction and launch, including launch insurance and insurance during the period of in-orbit testing, the net present value of performance incentives expected to be payable to the satellite manufacturers (dependent on the continued satisfactory performance of the satellites), costs directly associated with the monitoring and support of satellite construction, and interest costs incurred during the period of satellite construction. We also construct earth stations, network operations systems and other assets to support our satellites, and those construction costs, including interest, are capitalized as incurred. At the time satellites are placed in service, we estimate the useful life of our satellites for depreciation purposes based upon an analysis of each satellite's performance against the original manufacturer's orbital design life, estimated fuel levels and related consumption rates, as well as historical satellite operating trends.

We own two satellites: ViaSat-1 (our first-generation high-capacity Ka-band spot-beam satellite, which was placed into service in January 2012) and WildBlue-1 (which was placed into service in March 2007). Our second-generation ViaSat-2 satellite is expected to be launched in June 2017, after further delay in scheduled launch date due to recent civil unrest in French Guiana (the location of the satellite launch). We currently have two third-generation ViaSat-3 class satellites under construction. In addition, we have an exclusive prepaid lifetime capital lease of Ka-band capacity over the contiguous United States on Telesat Canada's Anik F2 satellite (which was placed into service in April 2005) and own related earth stations and networking equipment for all of our satellites. Property and equipment also includes the CPE units leased to subscribers under a retail leasing program as part of our satellite services segment.

Impairment of long-lived and other long-term assets (property, equipment and satellites, and other assets, including goodwill)

In accordance with the authoritative guidance for impairment or disposal of long-lived assets (ASC 360), we assess potential impairments to our long-lived assets, including property, equipment and satellites and other assets, when there is evidence that events or changes in circumstances indicate that the carrying value may not be recoverable. We periodically review the remaining estimated useful life of the satellite to determine if revisions to the estimated life are necessary. We recognize an impairment loss when the undiscounted cash flows expected to be generated by an asset (or group of assets) are less than the asset's carrying value. Any required impairment loss would be measured as the amount by which the asset's carrying value exceeds its fair value, and would be recorded as a reduction in the carrying value of the related asset and charged to results of operations. No material impairments were recorded by us for fiscal years 2017, 2016 and 2015.

We account for our goodwill under the authoritative guidance for goodwill and other intangible assets (ASC 350) and the provisions of ASU 2011-08, Testing Goodwill for Impairment, which simplifies how we test goodwill for impairment. Current authoritative guidance allows us to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. If, after completing the qualitative assessment, we determine that it is more likely than not that the estimated fair value is greater than the carrying value, we conclude that no impairment exists. If it is more likely than not that the carrying value of the reporting unit exceeds its estimated fair value, we compare the fair value of the reporting unit to its carrying value. If the estimated fair value of the reporting unit is less than the carrying value, a second step is performed in which the implied fair value of goodwill is compared to its carrying value. If the implied fair value of goodwill is less than its carrying value, goodwill must be written down to its implied fair value, resulting in goodwill impairment. We test goodwill for impairment during the fourth quarter every fiscal year and when an event occurs or circumstances change such that it is reasonably possible that an impairment may exist.

In accordance with ASC 350, we assess qualitative factors to determine whether goodwill is impaired. Furthermore, in addition to qualitative analysis, we believe it is appropriate to conduct a quantitative analysis periodically as a prudent review of our reporting unit goodwill fair values. Our quantitative analysis estimates the fair values of the reporting units using discounted cash flows and other indicators of fair value. The forecast of future cash flow is based on our best estimate of each reporting unit's future revenue and operating costs, based primarily on existing firm orders, expected future orders, contracts with suppliers, labor resources, general market conditions, and other relevant factors. Based on a quantitative analysis for fiscal year 2017, we concluded that estimated fair values of our reporting units significantly exceed their respective carrying values.

The qualitative analysis includes assessing the impact of changes in certain factors including: (1) changes in forecasted operating results and comparing actual results to projections, (2) changes in the industry or our competitive environment since the acquisition date, (3) changes in the overall economy, our market share and market interest rates since the acquisition date, (4) trends in the stock price and related market capitalization and enterprise values, (5) trends in peer companies total enterprise value metrics, and (6) additional factors such as management turnover, changes in regulation and changes in litigation matters.

Based on our qualitative and quantitative assessment performed during the fourth quarter of fiscal year 2017, we concluded that it was more likely than not that the estimated fair value of our reporting units exceeded their carrying value as of March 31, 2017 and, therefore, determined it was not necessary to perform the two-step goodwill impairment test.

Income taxes and valuation allowance on deferred tax assets

Management evaluates the realizability of our deferred tax assets and assesses the need for a valuation allowance on a quarterly basis to determine if the weight of available evidence suggests that an additional valuation allowance is needed. In accordance with the authoritative guidance for income taxes (ASC 740), net deferred tax assets are reduced by a valuation allowance if, based on all the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. In the event that our estimate of taxable income is less than that required to utilize the full amount of any deferred tax asset, a valuation allowance is established which would cause a decrease to income in the period such determination is made. Our valuation allowance against deferred tax assets increased from $17.1 million at March 31, 2016 to $17.7 million at March 31, 2017. The valuation allowance primarily relates to state net operating loss carryforwards and research and development tax credit carryforwards available to reduce state income taxes.

Our analysis of the need for a valuation allowance on deferred tax assets considered historical as well as forecasted future operating results. In addition, our evaluation considered other factors, including our contractual backlog, our history of positive earnings, current earnings trends assuming our satellite services segment continues to grow, taxable income adjusted for certain items, and forecasted income by jurisdiction. We also considered the period over which these net deferred tax assets can be realized and our history of not having federal tax loss carryforwards expire unused.

Accruals for uncertain tax positions are provided for in accordance with the authoritative guidance for accounting for uncertainty in income taxes (ASC 740). Under the authoritative guidance, we may recognize the 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 financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The authoritative guidance addresses the derecognition of income tax assets and liabilities, classification of deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and income tax disclosures.

We are subject to income taxes in the United States and numerous foreign jurisdictions. In the ordinary course of business there are calculations and transactions where the ultimate tax determination is uncertain. In addition, changes in tax laws and regulations as well as adverse judicial rulings could adversely affect the income tax provision. We believe we have adequately provided for income tax issues not yet resolved with federal, state and foreign tax authorities. However, if these provided amounts prove to be more than what is necessary, the reversal of the reserves would result in tax benefits being recognized in the period in which we determine that provision for the liabilities is no longer necessary. If an ultimate tax assessment exceeds our estimate of tax liabilities, an additional charge to expense would result.

Results of Operations

The following table presents, as a percentage of total revenues, income statement data for the periods indicated.

	Fiscal Years Ended		
	March 31, 2017	March 31, 2016	April 3, 2015
Revenues:	100.0%	100.0%	100.0%
Product revenues	45.8	46.9	52.7
Service revenues	54.2	53.1	47.3
Operating expenses:			
Cost of product revenues	33.6	34.5	37.6
Cost of service revenues	33.7	34.9	32.1
Selling, general and administrative	21.4	21.0	19.6
Independent research and development	8.3	5.4	3.4
Amortization of acquired intangible assets	0.7	1.2	1.3
Income from operations	2.3	2.9	6.0
Interest expense, net	(0.7)	(1.7)	(2.1)
Income before income taxes	1.6	1.2	3.9
Provision for (benefit from) income taxes	0.2	(0.3)	1.0
Net income	1.4	1.5	2.9
Net income attributable to ViaSat, Inc.	1.5	1.5	2.9

Fiscal Year 2017 Compared to Fiscal Year 2016

Revenues

(In millions, except percentages)	Fiscal Years Ended March 31, 2017	Fiscal Years Ended March 31, 2016	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Product revenues	$ 713.9	$ 664.8	$ 49.1	7.4%
Service revenues	845.4	752.6	92.8	12.3%
Total revenues	$1,559.3	$1,417.4	$ 141.9	10.0%

Our total revenues grew by $141.9 million as a result of a $92.8 million increase in service revenues and a $49.1 million increase in product revenues. The service revenue increase was comprised of an increase of $68.3 million in our satellite services segment, $13.4 million in our government systems segment and $11.1 million in our commercial networks segment. The product revenue increase was primarily driven by an increase of $64.2 million in our government systems segment, partially offset by a $17.2 million decrease in our commercial networks segment.

Cost of revenues

	Fiscal Years Ended		Dollar	Percentage
(In millions, except percentages)	March 31, 2017	March 31, 2016	Increase (Decrease)	Increase (Decrease)
Cost of product revenues	$ 524.0	$ 489.2	$ 34.8	7.1%
Cost of service revenues	524.9	495.1	29.9	6.0%
Total cost of revenues	$1,049.0	$ 984.3	$ 64.6	6.6%

Cost of revenues increased by $64.6 million due to a $34.8 million increase in cost of product revenues and $29.9 million increase in cost of service revenues. The cost of product revenue increase was primarily due to increased revenues, causing a $36.1 million increase in cost of product revenues on a constant margin basis. This cost of product revenue increase mainly related to our cybersecurity and information assurance products and tactical data links products in our government systems segment. The cost of service revenue increase was primarily due to increased service revenues, which generated a $61.0 million increase in cost of service revenues on a constant margin basis. This increase mainly related to our Exede broadband services and in-flight services in our satellite services segment, as well as our network management services for Wi-Fi and other internet access networks in our government systems segment, and was partially offset by improved margins from our Exede broadband services resulting from a higher mix of subscribers choosing premium service plans and value-added service bundles compared to the prior year period in our satellite services segment and improved margins in our government mobile broadband services in our government systems segment.

Selling, general and administrative expenses

	Fiscal Years Ended		Dollar	Percentage
(In millions, except percentages)	March 31, 2017	March 31, 2016	Increase (Decrease)	Increase (Decrease)
Selling, general and administrative	$ 333.5	$ 298.3	$ 35.1	11.8%

The $35.1 million increase in SG&A expenses was primarily attributable to higher support costs of $41.4 million spread across all three segments. The increase in SG&A expenses included the amounts accrued in fiscal year 2017 in our government systems segment for uncharacterized damages and penalties of $11.4 million and $0.4 million, respectively, in connection with the False Claims Act civil investigation related to our 52% majority-owned subsidiary TrellisWare. The impact of the loss contingency on net income attributable to ViaSat, Inc. stockholders for fiscal year 2017, net of tax, was $4.0 million, with the related amount of $3.7 million recorded to net (loss) income attributable to noncontrolling interests, net of tax, while the impact on basic and diluted net income per share attributable to ViaSat, Inc. common stockholders for fiscal year 2017 was $0.08 per share and $0.07 per share, respectively. Refer to Note 13 to the consolidated financial statements for further discussion of the False Claims Act civil investigation. The increase in SG&A expenses was partially offset by lower new business proposal costs mainly in our government systems segment as well as lower selling costs in our satellite services segment. In addition to the amounts accrued for the TrellisWare False Claims Act civil investigation, SG&A expenses consisted primarily of personnel costs and expenses for business development, marketing and sales, bid and proposal, facilities, finance, contract administration and general management.

Independent research and development

(In millions, except percentages)	Fiscal Years Ended March 31, 2017	March 31, 2016	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Independent research and development	$ 129.6	$ 77.2	$ 52.5	68.0%

The $52.5 million increase in IR&D expenses was primarily the result of increased IR&D efforts in our commercial networks segment of $51.1 million, primarily related to research increases in next-generation satellite payload technologies for our ViaSat-3 class satellites, mobile broadband satellite communication systems and next-generation consumer broadband integrated networking technologies.

Amortization of acquired intangible assets

We amortize our acquired intangible assets from prior acquisitions over their estimated useful lives, which range from two to ten years. The $5.7 million decrease in amortization of acquired intangible assets in fiscal year 2017 compared to fiscal year 2016 was primarily the result of certain acquired customer relationship intangibles in our satellite services segment becoming fully amortized over the preceding fiscal year. Expected amortization expense for acquired intangible assets for each of the following periods is as follows:

	Amortization (In thousands)
Expected for fiscal year 2018	$ 11,733
Expected for fiscal year 2019	9,076
Expected for fiscal year 2020	7,312
Expected for fiscal year 2021	4,993
Expected for fiscal year 2022	3,171
Thereafter	5,392
	$ 41,677

Interest income

The $1.2 million decrease in interest income in fiscal year 2017 compared to fiscal year 2016 was due to a decrease of $1.5 million in the amount of payments under the Settlement Agreement recognized as interest income during fiscal year 2017 compared to fiscal year 2016. As of March 31, 2017 all payments pursuant to the Settlement Agreement have been recorded and no further impacts to our consolidated financial statements are anticipated related to the Settlement Agreement.

Interest expense

The $13.7 million decrease in interest expense year-over-year was primarily due to an increase of $19.6 million in the amount of interest capitalized during fiscal year 2017 compared to fiscal year 2016. This decrease was partially offset by increased interest expense due to the overall higher amount of outstanding borrowings during fiscal year 2017 compared to fiscal year 2016. Capitalized interest expense during fiscal years 2017 and 2016 related to the construction of our ViaSat-2 and related gateway and networking equipment, construction of our ViaSat-3 class satellites, and other assets.

Provision for (benefit from) income taxes

Income tax expense in fiscal year 2017 reflected the tax expense from our income before income taxes and the benefit from federal and state research tax credits. The effective income tax benefit in fiscal year 2016 reflected the tax expense from our income before income taxes and the benefit from federal and state research tax credits. The Protecting Americans from Tax Hikes (PATH) Act of 2015 enacted on December 18, 2015 extended the federal research and development credit permanently, retroactive to January 2015. As a result, fiscal year 2016 included 15 months of federal research tax credit (comprising three months from fiscal year 2015 and 12 months from fiscal year 2016), whereas fiscal year 2017 only included 12 months of federal research tax credit. Fiscal year 2016 also included an expense related to the increase in valuation allowance related primarily to state net operating loss carryforwards and research and development credit carryforwards available to reduce state income taxes.

Segment Results for Fiscal Year 2017 Compared to Fiscal Year 2016

Satellite services segment

Revenues

(In millions, except percentages)	Fiscal Years Ended March 31, 2017	Fiscal Years Ended March 31, 2016	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ 27.7	$ 25.6	$ 2.1	8.2%
Segment service revenues	601.9	533.6	68.3	12.8%
Total segment revenues	$ 629.6	$ 559.2	$ 70.4	12.6%

Our satellite services segment revenues grew by $70.4 million as a result of a $68.3 million increase in service revenues and a $2.1 million increase in product revenues. The increase in service revenues was primarily driven by higher average revenue per Exede broadband subscriber, as well as the expansion of our in-flight services compared to the prior year period. As of March 31, 2017, 559 commercial aircraft were in service utilizing our in-flight internet services, compared to 476 commercial aircraft in service as of March 31, 2016. Total subscribers of our fixed broadband services decreased year over year, with approximately 659,000 subscribers at March 31, 2017 compared to 697,000 subscribers at March 31, 2016.

Segment operating profit

(In millions, except percentages)	Fiscal Years Ended March 31, 2017	Fiscal Years Ended March 31, 2016	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment operating profit	$ 131.1	$ 81.8	$ 49.3	60.2%
Percentage of segment revenues	20.8%	14.6%		

The $49.3 million increase in operating profit for our satellite services segment was driven primarily by higher earnings contributions of $52.6 million primarily due to the increase in service revenues. The higher average revenue per Exede broadband subscriber in the current year period was primarily driven by a higher mix of subscribers choosing premium service plans and value-added service bundles compared to the prior year period, and resulted in increased service revenues and improved margins. We also experienced positive contributions from our mobile broadband services and in-flight services in fiscal year 2017.

Commercial networks segment

Revenues

(In millions, except percentages)	Fiscal Years Ended March 31, 2017	Fiscal Years Ended March 31, 2016	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ 211.5	$ 228.7	$ (17.2)	(7.5)%
Segment service revenues	33.1	22.0	11.1	50.4%
Total segment revenues	$ 244.6	$ 250.7	$ (6.1)	(2.4)%

Our commercial networks segment revenues decreased by $6.1 million, due to a $17.2 million decrease in product revenues partially offset by a $11.1 million increase in service revenues. The product revenue decrease was comprised mainly of a decrease of $21.1 million in mobile broadband satellite communication systems and a decrease of $7.4 million in fixed satellite networks (reflecting the nearing of completion of the Australian Ka-band infrastructure project and a decrease from our next-generation Ka-band system contract in Canada), partially offset by an increase of $6.0 million related to satellite networking development programs and an increase of $5.3 million in antenna systems products. The service revenue increase was primarily due to a $10.5 million increase related to fixed satellite networks support agreements.

Segment operating loss

(In millions, except percentages)	Fiscal Years Ended March 31, 2017	Fiscal Years Ended March 31, 2016	Dollar (Increase) Decrease	Percentage (Increase) Decrease
Segment operating loss	$ (180.5)	$ (111.3)	$ (69.2)	(62.1)%
Percentage of segment revenues	(73.8)%	(44.4)%		

The $69.2 million increase in operating loss for our commercial networks segment was driven primarily by a $51.1 million increase in IR&D expenses (primarily due to an increase in IR&D efforts relating to next-generation satellite payload technologies for our ViaSat-3 class satellites, mobile broadband satellite communication systems and next-generation consumer broadband integrated networking technologies) and lower earnings contributions of $10.6 million primarily due to lower revenues and lower margins in our mobile broadband satellite communication systems. Additionally, support costs increased $8.5 million compared to the prior year period.

Government systems segment

Revenues

(In millions, except percentages)	Fiscal Years Ended March 31, 2017	Fiscal Years Ended March 31, 2016	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ 474.8	$ 410.5	$ 64.2	15.6%
Segment service revenues	210.3	196.9	13.4	6.8%
Total segment revenues	$ 685.1	$ 607.5	$ 77.6	12.8%

Our government systems segment revenues increased by $77.6 million, due to a $64.2 million increase in product revenues and a $13.4 million increase in service revenues. The product revenue increase was primarily due to a $25.9 million increase in cybersecurity and information assurance products, a $19.1 million increase in tactical data link products, an $11.4 million increase in tactical satcom radio products and a $7.8 million increase in government satellite communications systems. Of the service revenues increase, $11.1 million related to our network management services for Wi-Fi and other internet access networks.

Segment operating profit

(In millions, except percentages)	Fiscal Years Ended March 31, 2017	Fiscal Years Ended March 31, 2016	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment operating profit	$ 96.7	$ 87.1	$ 9.6	11.0%
Percentage of segment revenues	14.1%	14.3%		

The $9.6 million increase in our government systems segment operating profit reflected higher earnings contributions of $35.3 million primarily due to higher revenues and improved margins in our cybersecurity and information assurance products, tactical data link products and tactical satcom radio products. This operating profit increase was partially offset by higher overall SG&A expenses of $24.4 million. The increase in our government systems segment SG&A expenses included the amounts accrued in fiscal year 2017 for uncharacterized damages and penalties of $11.4 million and $0.4 million, respectively, in connection with the False Claims Act civil investigation related to our 52% majority-owned subsidiary TrellisWare. The impact of the loss contingency on net income attributable to ViaSat, Inc. stockholders for fiscal year 2017, net of tax, was $4.0 million, with the related amount of $3.7 million recorded to net (loss) income attributable to noncontrolling interests, net of tax, while the impact on basic and diluted net income per share attributable to ViaSat, Inc. common stockholders for fiscal year 2017 was $0.08 per share and $0.07 per share, respectively. Refer to Note 13 to the consolidated financial statements for further discussion of the False Claims Act civil investigation.

Fiscal Year 2016 Compared to Fiscal Year 2015

Revenues

	Fiscal Years Ended		Dollar	Percentage
(In millions, except percentages)	**March 31, 2016**	**April 3, 2015**	**Increase (Decrease)**	**Increase (Decrease)**
Product revenues	$ 664.8	$ 728.1	$ (63.3)	(8.7)%
Service revenues	752.6	654.5	98.1	15.0%
Total revenues	$1,417.4	$1,382.5	$ 34.9	2.5%

Our total revenues grew by $34.9 million as a result of a $98.1 million increase in service revenues, partially offset by a $63.3 million decrease in product revenues. The service revenue increase was comprised of an increase of $67.3 million in our satellite services segment, $24.8 million in our government systems segment and $6.0 million in our commercial networks segment. The product revenue decrease was comprised of a decrease of $102.4 million in our commercial networks segment and $8.0 million in our satellite services segment (mainly related to the Settlement Agreement, which we entered into during the second quarter of fiscal year 2015 — see Note 13 to the consolidated financial statements), partially offset by an increase of $47.1 million in our government systems segment.

Cost of revenues

	Fiscal Years Ended		Dollar	Percentage
(In millions, except percentages)	**March 31, 2016**	**April 3, 2015**	**Increase (Decrease)**	**Increase (Decrease)**
Cost of product revenues	$ 489.2	$519.5	$ (30.2)	(5.8)%
Cost of service revenues	495.1	444.4	50.7	11.4%
Total cost of revenues	$ 984.3	$963.9	$ 20.4	2.1%

Cost of revenues increased by $20.4 million due to a $50.7 million increase in cost of service revenues, offset by a decrease in cost of product revenues of $30.2 million. The cost of service revenues increase was primarily due to increased service revenues, which generated a $66.7 million increase in cost of service revenues on a constant margin basis. This increase mainly related to our Exede broadband services and in-flight internet services in our satellite services segment and the addition of our network management services for Wi-Fi and other internet access networks resulting from our acquisition in June 2014 of NetNearU Corp. (NetNearU) in our government systems segment. This increase was partially offset by improved margins from our Exede broadband services resulting from the higher number of Exede subscribers compared to the prior year period and resultant scale in revenues, as well as higher value service plan offerings. The cost of product revenues decrease was primarily due to decreased revenues, causing a $41.5 million decrease in cost of product revenues on a constant margin basis, prior to the effects of product revenues related to the implied license under the Settlement

Agreement. This cost of product revenues decrease mainly related to our fixed satellite networks (driven by consumer broadband products) and our antenna systems products in our commercial networks segment, partially offset by lower margins in consumer broadband products in our commercial networks segment.

Selling, general and administrative expenses

(In millions, except percentages)	Fiscal Years Ended March 31, 2016	Fiscal Years Ended April 3, 2015	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Selling, general and administrative	$ 298.3	$270.8	$ 27.5	10.2%

The $27.5 million increase in SG&A expenses was primarily attributable to higher support costs of $34.3 million mainly related to the recognition of $18.7 million of payments made under the Settlement Agreement as a reduction to SG&A expenses in our satellite services segment during the second quarter of fiscal year 2015 and to an increase in support costs of $11.8 million in our commercial networks segment. This increase was partially offset by lower new business proposal costs of $4.0 million mainly in our government systems segment and lower selling costs primarily in our satellite services segment. SG&A expenses consisted primarily of personnel costs and expenses for business development, marketing and sales, bid and proposal, facilities, finance, contract administration and general management.

Independent research and development

(In millions, except percentages)	Fiscal Years Ended March 31, 2016	Fiscal Years Ended April 3, 2015	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Independent research and development	$ 77.2	$ 46.7	$ 30.5	65.4%

The $30.5 million increase in IR&D expenses was primarily the result of increased IR&D efforts in our commercial networks segment of $33.9 million (primarily related to research increases in next-generation consumer broadband, mobile broadband satellite communication systems and next-generation satellite payload technologies for our ViaSat-3 class satellites), partially offset by a decrease in our government systems segment of $3.9 million (primarily due to a decrease in development of next-generation dual band mobility solutions).

Amortization of acquired intangible assets

We amortize our acquired intangible assets from prior acquisitions over their estimated useful lives, which range from two to ten years. The $1.5 million decrease in amortization of acquired intangible assets in fiscal year 2016 compared to last fiscal year was primarily the result of certain customer relationship intangibles in our satellite services segment becoming fully amortized during the fourth quarter of fiscal year 2016. Expected amortization expense for acquired intangible assets for each of the following periods is as follows:

	Amortization (In thousands)
Expected for fiscal year 2017	$ 9,357
Expected for fiscal year 2018	8,023
Expected for fiscal year 2019	5,510
Expected for fiscal year 2020	4,478
Expected for fiscal year 2021	3,045
Thereafter	3,191
	$ 33,604

Interest income

The $0.2 million increase in interest income in fiscal year 2016 compared to fiscal year 2015 was due to an increase of $0.2 million in the amount of payments under the Settlement Agreement recognized as interest income during fiscal year 2016 compared to fiscal year 2015.

Interest expense

The $5.7 million decrease in interest expense year-over-year was primarily due to an increase of $13.9 million in the amount of interest capitalized during fiscal year 2016 compared to fiscal year 2015. This decrease was partially offset by increased interest expense due to the overall higher amount of outstanding borrowings during fiscal year 2016 compared to the prior year period. Capitalized interest expense during fiscal years 2016 and 2015 related to the construction of ViaSat-2 and other assets and in fiscal year 2016 also included interest expense related to the construction of our ViaSat-3 class satellites.

(Benefit from) provision for income taxes

The income tax benefit in fiscal year 2016 reflected the tax expense from our income before income taxes and the benefit from federal and state research tax credits. The Protecting Americans from Tax Hikes (PATH) Act of 2015 enacted on December 18, 2015 extended the federal research and development credit permanently, retroactive to January 2015. As a result, fiscal year 2016 includes 15 months of federal research tax credit (comprising three months from fiscal year 2015 and 12 months from fiscal year 2016). Fiscal year 2016 also included an expense related to the increase in valuation allowance related primarily to state net operating loss carryforwards and research and development credit carryforwards available to reduce state income taxes. The effective income tax expense in fiscal year 2015 reflected the tax expense from the income before income taxes and the benefit from federal and state research tax credits. Fiscal year 2015 includes 12 months of federal research tax credit including three months from fiscal year 2014 and nine months from fiscal year 2015. Fiscal year 2015 also included an expense related to the increase in valuation allowance related primarily to state net operating loss carryforwards and research and development credit carryforwards available to reduce state income taxes.

Segment Results for Fiscal Year 2016 Compared to Fiscal Year 2015

Satellite services segment

Revenues

(In millions, except percentages)	Fiscal Years Ended March 31, 2016	Fiscal Years Ended April 3, 2015	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ 25.6	$ 33.6	$ (8.0)	(23.7)%
Segment service revenues	533.6	466.3	67.3	14.4%
Total segment revenues	$ 559.2	$499.9	$ 59.4	11.9%

Our satellite services segment revenues grew by $59.4 million as a result of a $67.3 million increase in service revenues, offset by a $8.0 million decrease in product revenues. The increase in service revenues was primarily driven by an increase in the number of Exede broadband internet subscribers compared to the prior year period, as well as higher average revenue per subscriber. Total subscribers of our fixed broadband services grew from approximately 686,000 at April 3, 2015 to approximately 697,000 at March 31, 2016. The service revenue increase also reflected the expansion of our in-flight internet services compared to the prior year period, with 476 commercial aircraft in service as of March 31, 2016 compared to approximately 330 commercial aircraft in service at the end of fiscal year 2015. The decrease in product revenues mainly related to the amounts recorded under the Settlement Agreement, which we entered into during the second quarter of fiscal year 2015.

Segment operating profit

(In millions, except percentages)	Fiscal Years Ended March 31, 2016	April 3, 2015	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment operating profit	$ 81.8	$ 62.4	$ 19.5	31.2%
Percentage of segment revenues	14.6%	12.5%		

The $19.5 million increase in operating profit for our satellite services segment was driven primarily by higher earnings contributions of $34.8 million, and was partially offset by the recognition of $18.7 million of payments made under the Settlement Agreement as a reduction to SG&A expenses during the second quarter of fiscal year 2015. Continued growth in the size of the subscriber base for our Exede broadband services subscriber base compared to the prior year period resulted in increased service revenues and improved margins. We have also experienced positive contributions from our in-flight internet services.

Commercial networks segment

Revenues

(In millions, except percentages)	Fiscal Years Ended March 31, 2016	April 3, 2015	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ 228.7	$331.1	$(102.4)	(30.9)%
Segment service revenues	22.0	16.1	6.0	37.1%
Total segment revenues	$ 250.7	$347.1	$ (96.4)	(27.8)%

Our commercial networks segment revenues decreased by $96.4 million, primarily due to the $102.4 million decrease in product revenues. Of this product revenue decrease, $48.5 million related to fixed satellite networks (reflecting the nearing of completion of our large scale Australian Ka-band infrastructure project, partially offset by increased revenues from our next-generation Ka-band system contract in Canada). In addition, our antenna systems products revenues decreased $29.3 million (as certain programs were completed or moved closer to completion), our mobile broadband satellite communication systems revenues decreased $10.2 million, our satellite payload technology development programs revenues decreased $7.4 million and our satellite networking development programs revenues decreased $7.2 million.

Segment operating loss

(In millions, except percentages)	Fiscal Years Ended March 31, 2016	April 3, 2015	Dollar (Increase) Decrease	Percentage (Increase) Decrease
Segment operating loss	$ (111.3)	$(33.6)	$ (77.7)	(231.2)%
Percentage of segment revenues	(44.4)%	(9.7)%		

The $77.7 million increase in operating loss for our commercial networks segment was driven by a $33.9 million increase in IR&D expenses (primarily due to an increase in IR&D efforts relating to next-generation consumer broadband, mobile broadband satellite communication systems and next-generation satellite payload technologies for our ViaSat-3 class satellites), lower earnings contributions of $29.8 million primarily due to the decrease in product revenues, and an increase of $14.0 million in support, new business proposal and selling costs.

Government systems segment

Revenues

(In millions, except percentages)	Fiscal Years Ended March 31, 2016	Fiscal Years Ended April 3, 2015	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ 410.5	$363.4	$ 47.1	13.0%
Segment service revenues	196.9	172.1	24.8	14.4%
Total segment revenues	$ 607.5	$535.5	$ 71.9	13.4%

Our government systems segment revenues increased by $71.9 million, due to a $47.1 million increase in product revenues and a $24.8 million increase in service revenues. The product revenue increase was primarily due to a $54.3 million increase in government satellite communication systems (mainly attributable to government mobile broadband and command and control situational awareness), a $12.9 million increase in tactical data link products, and a $6.4 million increase in tactical satcom radio products (relating to our 52% majority-owned subsidiary TrellisWare), partially offset by a $25.8 million decrease in cybersecurity and information assurance products. Of the service revenue increase, $16.0 million related to NetNearU, the subsidiary we acquired in June 2014 and $4.3 million related to government satellite communication systems services.

Segment operating profit

(In millions, except percentages)	Fiscal Years Ended March 31, 2016	Fiscal Years Ended April 3, 2015	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment operating profit	$ 87.1	$ 72.3	$ 14.7	20.3%
Percentage of segment revenues	14.3%	13.5%		

The $14.7 million increase in our government systems segment operating profit reflected higher earnings contributions of $9.5 million primarily due to the increase in revenue and a decrease of $3.9 million in IR&D expenses (primarily due to lower spending in IR&D efforts relating to development of next-generation dual band mobility solutions).

Unrestricted Subsidiaries

We have designated our majority-owned subsidiaries TrellisWare and Euro Retail Co. as “Unrestricted Subsidiaries” under the indenture governing our 2020 Notes. The financial position and results of operations of our Unrestricted Subsidiaries are included in our consolidated financial statements. Under the indenture governing our 2020 Notes, due to the significance of the net loss of our 52% majority-owned subsidiary TrellisWare for fiscal year 2017, which reflected our accrual for uncharacterized damages and penalties of $11.8 million recorded in the fourth quarter of fiscal year 2017 in connection with the False Claims Act civil investigation related to TrellisWare, we are required to present information sufficient to ascertain our financial condition and results of operations excluding our Unrestricted Subsidiaries. The impact of the loss contingency on net income attributable to ViaSat, Inc. stockholders for fiscal year 2017, net of tax, was $4.0 million, with the related amount of $3.7 million recorded to net (loss) income attributable to noncontrolling interests, net of tax, while the impact on basic and diluted net income per share attributable to ViaSat, Inc. common stockholders for fiscal year 2017 was $0.08 per share and $0.07 per share, respectively. The net loss of our Unrestricted Subsidiaries for the fiscal year ended March 31, 2017 was $4.2 million, which related primarily to TrellisWare. For the fiscal year ended March 31, 2017, total revenues and expenses of our Unrestricted Subsidiaries were immaterial to our consolidated results. For the fiscal years ended March 31, 2016 and 2015, total revenues, expenses and net income (loss) of our Unrestricted Subsidiaries were immaterial to our consolidated results. As of March 31, 2017 and 2016, total assets and liabilities of our Unrestricted Subsidiaries were immaterial to our consolidated results.

Backlog

As reflected in the table below, our overall firm and funded backlog increased during fiscal year 2017. The increases in both firm and funded backlog were attributable to increases in our government systems segment.

	As of March 31, 2017	As of March 31, 2016
	(In millions)	
Firm backlog		
Satellite services segment	$ 125.2	$ 169.6
Commercial networks segment	265.9	286.7
Government systems segment	633.3	485.6
Total	$ 1,024.4	$ 941.9
Funded backlog		
Satellite services segment	$ 125.2	$ 169.6
Commercial networks segment	265.9	286.7
Government systems segment	546.8	422.8
Total	$ 937.9	$ 879.1

The firm backlog does not include contract options. Of the $1.0 billion in firm backlog, $530.2 million is expected to be delivered in fiscal year 2018, and the balance is expected to be delivered in fiscal year 2019 and thereafter. We include in our backlog only those orders for which we have accepted purchase orders. Backlog does not include contracts with our Exede broadband internet subscribers in our satellite services segment, nor does it include anticipated purchase orders and requests for the installation of in-flight broadband systems or future recurring internet services revenues under commercial in-flight internet agreements recorded in our commercial networks and satellite services segments, respectively. As of March 31, 2017, we expect to install in-flight broadband systems on approximately 800 additional aircraft under our existing customer agreements with commercial airlines, although there can be no assurance that all anticipated purchase orders and requests will be placed.

Our total new awards were approximately $1.7 billion, $1.5 billion and $1.4 billion for fiscal years 2017, 2016 and 2015, respectively.

Backlog is not necessarily indicative of future sales. A majority of our contracts can be terminated at the convenience of the customer. Orders are often made substantially in advance of delivery, and our contracts typically provide that orders may be terminated with limited or no penalties. In addition, purchase orders may present product specifications that would require us to complete additional product development. A failure to develop products meeting such specifications could lead to a termination of the related contract.

Firm backlog amounts are comprised of funded and unfunded components. Funded backlog represents the sum of contract amounts for which funds have been specifically obligated by customers to contracts. Unfunded backlog represents future amounts that customers may obligate over the specified contract performance periods. Our customers allocate funds for expenditures on long-term contracts on a periodic basis. Our ability to realize revenues from contracts in backlog is dependent upon adequate funding for such contracts. Although we do not control the funding of our contracts, our experience indicates that actual contract funding has ultimately been approximately equal to the aggregate amounts of the contracts.

Liquidity and Capital Resources

Overview

We have financed our operations to date primarily with cash flows from operations, bank line of credit financing, debt financing, export credit agency financing and equity financing, including the sale of 7,475,000 shares of ViaSat common stock in an underwritten public offering in November 2016. At March 31, 2017, we had $130.1 million in cash and cash equivalents, $289.3 million in working capital, no outstanding borrowings under our Revolving Credit Facility and $274.6 million in principal amount of outstanding borrowings under our Ex-Im Credit Facility, and we had accrued $29.5 million in completion exposure fees expected to be financed under the Ex-Im Credit Facility. At March 31, 2016, we had $42.1 million in cash and cash equivalents, $241.6 million in working capital, $180.0 million in outstanding borrowings under our Revolving Credit Facility and $197.2 million in principal amount of outstanding borrowings under our Ex-Im Credit Facility, and we had accrued $21.0 million in completion exposure fees expected to be financed under the Ex-Im Credit Facility. We invest our cash in excess of current operating requirements in short-term, interest-bearing, investment-grade securities.

Our future capital requirements will depend upon many factors, including the timing and amount of cash required for our satellite projects and any future broadband satellite projects we may engage in, our proposed Eutelsat strategic partnering arrangements, expansion of our research and development and marketing efforts, and the nature and timing of orders. Additionally, we will continue to evaluate possible acquisitions of, or investments in complementary businesses, products and technologies which may require the use of cash or additional financing.

The general cash needs of our satellite services, commercial networks and government systems segments can vary significantly. The cash needs of our satellite services segment tend to be driven by the timing and amount of capital expenditures (e.g., payments under satellite construction and launch contracts), investments in joint ventures and strategic partnering arrangements (such as our Eutelsat strategic partnering arrangement) and network expansion activities, as well as the quality of customer, type of contract and payment terms. In our commercial networks segment, cash needs tend to be driven primarily by the type and mix of contracts in backlog, the nature and quality of customers, the timing and amount of investments in IR&D activities (including with respect to next-generation satellite payload technologies) and the payment terms of customers (including whether advance payments are made or customer financing is required). In our government systems segment, the primary factors determining cash needs tend to be the type and mix of contracts in backlog (e.g., product or service, development or production) and timing of payments (including restrictions on the timing of cash payments under U.S. government procurement regulations). Other factors affecting the cash needs of our commercial networks and government systems segments include contract duration and program performance. For example, if a program is performing well and meeting its contractual requirements, then its cash flow requirements are usually lower.

On November 23, 2016, we completed the sale of an aggregate of 7,475,000 shares of our common stock in an underwritten public offering. Our net proceeds from the offering were approximately $503.1 million after deducting underwriting discounts and offering expenses. In November 2016, we used $225.0 million of the net proceeds from the offering to repay outstanding borrowings under the Revolving Credit Facility. We expect to use the remaining net proceeds for general corporate purposes, which may include financing costs related to the purchase, launch and operation of satellites, potential acquisitions, joint ventures and strategic alliances, working capital or capital expenditures.

To further enhance our liquidity position or to finance the construction and launch of any future satellites, acquisitions, strategic partnering arrangements, joint ventures or other business investment initiatives, we may obtain additional financing, which could consist of debt, convertible debt or equity financing from public and/or private credit and capital markets. In February 2016, we filed a universal shelf registration statement with the SEC for the future sale of an unlimited amount of common stock, preferred stock, debt securities, depositary shares, warrants and rights. The securities may be offered from time to time, separately or together, directly by us, by selling security holders, or through underwriters, dealers or agents at amounts, prices, interest rates and other terms to be determined at the time of the offering. We believe that our current cash balances and net cash expected to be provided by operating activities along with availability under our Credit Facilities will be sufficient to meet our anticipated operating requirements for at least the next 12 months.

Cash flows

Cash provided by operating activities for fiscal year 2017 was $411.3 million compared to cash provided by operating activities of $296.9 million for fiscal year 2016. This $114.4 million increase was primarily driven by a $94.9 million year-over-year decrease in cash used to fund net operating assets needs, coupled with our operating results (net income adjusted for depreciation, amortization and other non-cash charges) which generated $19.4 million of higher cash inflows year-over-year. The decrease in cash used to fund net operating assets during fiscal year 2017 when compared to fiscal year 2016 was primarily due to an increase in our collections in excess of revenues and deferred revenues included in accrued liabilities due to the timing of milestone billings for certain larger development projects in our commercial networks and government systems segments, lower combined billed and unbilled accounts receivable, net, attributable to the timing of contractual milestones for certain larger development programs in our commercial networks and government systems segments, as well as a decrease in cash used for inventory in our government systems segment.

Cash used in investing activities for fiscal year 2017 was $715.0 million compared to cash used in investing activities in fiscal year 2016 of $456.3 million. The increase in cash used in investing activities year-over year reflects increases of $139.1 million in cash used for investment in unconsolidated affiliates, $101.3 million in cash used for satellite construction, $18.6 million in cash used for the construction of earth stations and network operation systems related to ViaSat-2, $16.9 million in capital expenditures for property and other general purpose equipment and $12.1 million in cash used for acquisitions, offset by $27.6 million in proceeds from the sale of real property adjacent to our current headquarters location.

Cash provided by financing activities for fiscal year 2017 was $392.8 million compared to cash provided by financing activities of $149.1 million for fiscal year 2016. This $243.7 million increase in cash provided by financing activities year-over-year was primarily related to $503.1 million in net proceeds from a public offering of common stock in November 2016 (after deducting underwriting discounts and offering expenses). This increase was partially offset by a year-over-year increase of $150.0 million in net payments on borrowings under our Revolving Credit Facility, as well as a $98.4 million year-over-year decrease in net proceeds from borrowings under our Ex-Im Credit Facility. Cash provided by financing activities for both periods included cash received from stock option exercises and employee stock purchase plan purchases, offset by cash used for the repurchase of common stock related to net share settlement of certain employee tax liabilities in connection with the vesting of restricted stock unit awards, and payment of debt issuance costs.

Comparing cash flows in fiscal year 2016 to fiscal year 2015, the $52.6 million decrease in cash provided by operating activities was primarily driven by a $52.0 million year-over year increase in cash used to fund net operating assets needs and by our operating results (net income adjusted for depreciation, amortization and other non-cash charges) which generated cash inflows in fiscal year 2016 that were $0.6 million lower than in fiscal year 2015. The decrease in cash used in investing activities reflected a year-over-year decrease of $54.6 million in cash used for satellite construction and a decrease of $53.0 million in cash used for acquisitions, offset by increases of $39.5 million in capital expenditures for real property adjacent to our current headquarters location, $21.1 million for capital expenditures for other general purpose equipment, $21.6 million in cash used for capital software development and $5.4 million for the construction of earth stations and network operation systems related to ViaSat-2. The $27.7 million increase in cash provided by financing activities year-over-year was primarily related to the $161.9 million increase in net proceeds from borrowings under our Ex-Im Credit Facility during fiscal year 2016 compared to the prior year period. This increase was partially offset by $30.0 million of net payments on borrowings under our Revolving Credit Facility during the fiscal year 2016 compared to $105.0 million in net proceeds from borrowings in the prior year period.

Satellite-related activities

In May 2013, we entered into an agreement to purchase the ViaSat-2 satellite from Boeing at a price of approximately $358.0 million, plus an additional amount for launch support services to be performed by Boeing. In April 2017, the satellite construction agreement was amended to replace the remaining milestone payments for the satellite under the agreement with approximately $21.0 million of in-orbit satellite performance incentive payments, excluding interest, payable monthly over a nine-year period commencing one month after the completion of in-orbit testing, subject to the continued satisfactory performance of the satellite. The projected total cost of the ViaSat-2 project, including the satellite, launch, insurance and related earth station infrastructure, through satellite service launch, together with the estimated liability for the in-orbit satellite performance incentive payments, is estimated to be approximately $580.0 million. The ViaSat-2 satellite is currently located at the Arianespace launch facility in French Guiana in preparation for launch into orbit. Due to recent civil unrest in French Guiana the launch of our ViaSat-2 satellite has been further delayed and is currently expected to occur in June 2017 following completion of the launch preparation process.

In July 2016, we entered into two separate agreements with Boeing for the construction and purchase of two ViaSat-3 class satellites and the integration of ViaSat's payload technologies into the satellites at a price of approximately $368.3 million in the aggregate (subject to purchase price adjustments based on factors such as launch delay and early delivery), plus an additional amount for launch support services to be performed by Boeing. In addition, under one of these agreements, we have the option to order up to two additional ViaSat-3 class satellites. These agreements supersede the prior limited authorization to proceed, which was entered into during the fourth quarter of fiscal year 2016. The first ViaSat-3 class satellite is expected to provide broadband services over the Americas, and the second is expected to provide broadband services over the EMEA region. The projected aggregate total project cost for the two ViaSat-3 class satellites, including the satellites, launches, insurance and related earth station infrastructure, through satellite launch is estimated to be between $1.2 billion and $1.4 billion, and will depend on the timing of the earth station infrastructure roll-out of each satellite and method we use to procure fiber access. Our total cash funding may be reduced through various third party agreements, including potential joint service offerings and other strategic partnering arrangements. We believe we have adequate sources of funding for the ViaSat-3 class satellites, which include our cash on hand, available borrowing capacity and the cash we expect to generate from operations over the next few years.

We believe the launch and roll-out of our ViaSat-2 satellite and related ground infrastructure will impact our financial results in our satellite services segment in fiscal year 2018 and beyond. In particular, we expect to increase our investment in subscriber acquisition costs after ViaSat-2 is placed into service as we expand our subscriber base for our Exede broadband services. However, there can be no assurance that we will be successful in our expansion plans. We expect the relative impact of the launch and roll-out of the satellite and related ground infrastructure to our financial results to be less than we experienced in relation to the launch and roll-out of our ViaSat-1 satellite and related ground infrastructure. During the period from late fiscal year 2012 until early fiscal year 2015, we incurred higher operating costs in connection with the launch and roll-out of our ViaSat-1 satellite, related ground infrastructure and Exede broadband services, as well as higher interest expense as we capitalized a lower amount of the interest expense on our outstanding debt. These higher operating costs, which negatively impacted income from operations during that period, included costs associated with depreciation, earth station connectivity, subscriber acquisition costs, logistics, customer care and various support systems.

Our IR&D investments in our ViaSat-3 class satellites currently under construction are also expected to continue to negatively impact our financial results in our commercial networks segment in fiscal year 2018, with our investments in related ground infrastructure development continuing in subsequent fiscal years.

Revolving Credit Facility

As of March 31, 2017, the Revolving Credit Facility provided an $800.0 million revolving line of credit (including up to $150.0 million of letters of credit) with a maturity date of May 24, 2021 (or March 16, 2020, if more than $200.0 million of our 2020 Notes are then outstanding and certain conditions are met).

Borrowings under the Revolving Credit Facility bear interest, at our option, at either (1) the highest of the Federal Funds rate plus 0.50%, the Eurodollar rate plus 1.00%, or the administrative agent's prime rate as announced from time to time, or (2) the Eurodollar rate, plus, in the case of each of (1) and (2), an applicable margin that is based on our total leverage ratio. The Revolving Credit Facility is required to be guaranteed by certain significant domestic subsidiaries of ViaSat (as defined in the Revolving Credit Facility) and secured by substantially all of our assets. As of March 31, 2017, none of our subsidiaries guaranteed the Revolving Credit Facility.

The Revolving Credit Facility contains financial covenants regarding a maximum total leverage ratio and a minimum interest coverage ratio. In addition, the Revolving Credit Facility contains covenants that restrict, among other things, our ability to sell assets, make investments and acquisitions, make capital expenditures, grant liens, pay dividends and make certain other restricted payments.

At March 31, 2017, we had no outstanding borrowings under the Revolving Credit Facility and $38.6 million outstanding under standby letters of credit, leaving borrowing availability under the Revolving Credit Facility as of March 31, 2017 of $761.4 million.

Ex-Im Credit Facility

As of March 31, 2017, the Ex-Im Credit Facility provided a $386.7 million senior secured direct loan facility, $343.1 million of which can be used to finance up to 85% of the costs of construction, launch and insurance of the ViaSat-2 satellite and related goods and services (including costs incurred on or after September 18, 2012), with the remainder used to finance the total exposure fees incurred under the Ex-Im Credit Facility of up to $43.6 million (depending on the total amount of financing borrowed under the Ex-Im Credit Facility). On May 17, 2017, subsequent to fiscal year end, we reduced the size of the Ex-Im Credit Facility by $24.3 million from $386.7 million to $362.4 million in light of the April 2017 amendment to the Boeing satellite construction agreement described above under "— Satellite-related activities" (which replaced the remaining milestone payments for the satellite under the agreement with approximately $21.0 million of in-orbit satellite performance incentive payments, excluding interest, payable monthly over a nine-year period commencing one month after the completion of in-orbit testing, subject to the continued satisfactory performance of the satellite) and certain project cost reductions.

Borrowings under the Ex-Im Credit Facility bear interest at a fixed rate of 2.38% and are required to be repaid in 16 approximately equal semi-annual installments, commencing approximately six months after the in-orbit acceptance date of the ViaSat-2 satellite (or, if earlier, on April 15, 2018), with a maturity date of October 15, 2025. Exposure fees of $6.0 million were incurred in connection with our initial borrowing under the Ex-Im Credit Facility, with the remaining exposure fees payable by the in-orbit acceptance date for ViaSat-2. Exposure fees under the Ex-Im Credit Facility are amortized using the effective interest rate method. The effective interest rate on our outstanding borrowings under the Ex-Im Credit Facility, which takes into account estimated timing and amount of borrowings, exposure fees, debt issuance costs and other fees, was estimated to be between 4.4% and 4.5% as of March 31, 2017. The Ex-Im Credit Facility is guaranteed by ViaSat and is secured by first-priority liens on the ViaSat-2 satellite and related assets as well as a pledge of the capital stock of the borrower under the facility.

The Ex-Im Credit Facility contains financial covenants regarding ViaSat's maximum total leverage ratio and minimum interest coverage ratio. In addition, the Ex-Im Credit Facility contains covenants that restrict, among other things, our ability to sell assets, make investments and acquisitions, make capital expenditures, grant liens, pay dividends and make certain other restricted payments.

At March 31, 2017, we had $274.6 million in principal amount of outstanding borrowings under the Ex-Im Credit Facility and had accrued $29.5 million in completion exposure fees expected to be financed under the Ex-Im Credit Facility. As of March 31, 2017, the undrawn commitment under the Ex-Im Credit Facility was $82.5 million (excluding $29.5 million of accrued completion exposure fees), of which $74.4 million was available to finance ViaSat-2 related costs once incurred (prior to giving effect to the $24.3 million reduction in the size of the Ex-Im Credit Facility subsequent to fiscal year end described above). Borrowings under the Ex-Im Credit Facility were issued with a discount of $36.6 million (comprising the initial $6.0 million exposure fee, the completion exposure fees accrued as of March 31, 2017 and other customary fees). The borrowings under the Ex-Im Credit Facility are recorded as long-term debt, net of unamortized discount and debt issuance costs, in our consolidated financial statements. The discount and deferred financing cost associated with the issuance of the borrowings under the Ex-Im Credit Facility are amortized to interest expense on an effective interest rate basis over the term of the borrowings under the Ex-Im Credit Facility.

Senior Notes due 2020

In February 2012, we issued $275.0 million in principal amount of 2020 Notes in a private placement to institutional buyers, which were exchanged in August 2012 for substantially identical 2020 Notes that had been registered with the SEC. These initial 2020 Notes were issued at face value and are recorded as long-term debt in our consolidated financial statements. In October 2012, we issued an additional $300.0 million in principal amount of 2020 Notes in a private placement to institutional buyers at an issue price of 103.50% of the principal amount, which were exchanged in January 2013 for substantially identical 2020 Notes that had been registered with the SEC. The 2020 Notes are all treated as a single class. The 2020 Notes bear interest at the rate of 6.875% per year, payable semi-annually in cash in arrears, which interest payments commenced in June 2012. Debt issuance costs associated with the issuance of the 2020 Notes are amortized to interest expense on a straight-line basis over the term of the 2020 Notes, the results of which are not materially different from the effective interest rate basis. The $10.5 million premium we received in connection with the issuance of the additional 2020 Notes is recorded as long-term debt in our consolidated financial statements and is being amortized as a reduction to interest expense on an effective interest rate basis over the term of those 2020 Notes.

The 2020 Notes are required to be guaranteed on an unsecured senior basis by each of our existing and future subsidiaries that guarantees the Revolving Credit Facility. As of March 31, 2017, none of our subsidiaries guaranteed the 2020 Notes. The 2020 Notes are our general senior unsecured obligations and rank equally in right of payment with all of our existing and future unsecured unsubordinated debt. The 2020 Notes are effectively junior in right of payment to our existing and future secured debt, including under the Credit Facilities (to the extent of the value of the assets securing such debt), are structurally subordinated to all existing and future liabilities (including trade payables) of our subsidiaries that do not guarantee the 2020 Notes, and are senior in right of payment to all of our existing and future subordinated indebtedness.

The indenture governing the 2020 Notes limits, among other things, our and our restricted subsidiaries' ability to: incur, assume or guarantee additional debt; issue redeemable stock and preferred stock; pay dividends, make distributions or redeem or repurchase capital stock; prepay, redeem or repurchase subordinated debt; make loans and investments; grant or incur liens; restrict dividends, loans or asset transfers from restricted subsidiaries; sell or otherwise dispose of assets; enter into transactions with affiliates; reduce our satellite insurance; and consolidate or merge with, or sell substantially all of their assets to, another person.

The 2020 Notes may be redeemed, in whole or in part, at any time during the 12 months beginning on June 15, 2016 at a redemption price of 103.438%, during the 12 months beginning on June 15, 2017 at a redemption price of 101.719%, and at any time on or after June 15, 2018 at a redemption price of 100%, in each case plus accrued and unpaid interest, if any, thereon to the redemption date.

In the event a change of control occurs (as defined in the indenture), each holder will have the right to require us to repurchase all or any part of such holder's 2020 Notes at a purchase price in cash equal to 101% of the aggregate principal amount of the 2020 Notes repurchased plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

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Contractual Obligations

The following table sets forth a summary of our obligations at March 31, 2017:

(In thousands, including interest where applicable)	Total	For the Fiscal Years Ending 2018	2019-2020	2021-2022	Thereafter
Operating leases and satellite capacity agreements	$ 440,605	$ 69,645	$ 115,104	$ 85,080	$ 170,776
2020 Notes	713,359	39,531	79,063	594,765	—
Revolving Credit Facility	—	—	—	—	—
Ex-Im Credit Facility (1)	341,511	6,599	89,152	85,548	160,212
Satellite performance incentives (2)	30,765	2,294	5,105	5,861	17,505
Purchase commitments including satellite-related agreements (2)	1,023,394	504,446	424,155	65,202	29,591
Total	$ 2,549,634	$ 622,515	$ 712,579	$ 836,456	$ 378,084

(1) To the extent that the ultimate amounts borrowed under the Ex-Im Credit Facility may fluctuate, amounts reflected represent estimated interest and principal payments on our current outstanding balance until the maturity date in October 2025. The amounts listed in the table above exclude the completion exposure fee that will be payable under the Ex-Im Credit Agreement by the in-orbit acceptance date for ViaSat-2, the amount of which will be based on the total amount of financing borrowed under the Ex-Im Credit Facility; see "Liquidity and Capital Resources — Ex-Im Credit Facility." As of March 31, 2017, we had accrued $29.5 million in completion exposure fees expected to be financed under the Ex-Im Credit Facility.

(2) The amounts listed reflect our contractual obligations under the Boeing satellite construction agreement for the ViaSat-2 satellite as of March 31, 2017 and do not include in-orbit satellite performance incentives payments payable with respect to the ViaSat-2 satellite pursuant to the amendment of the Boeing satellite construction agreement entered into in April 2017, subsequent to fiscal year end. Under the April 2017 amendment, the remaining milestone payments for the satellite were replaced with approximately $21.0 million of in-orbit satellite performance incentives payments, excluding interest, payable monthly over a nine-year period commencing one month after the completion of in-orbit testing, subject to the continued satisfactory performance of the satellite. See "Liquidity and Capital Resources — Satellite-related activities."

We purchase components from a variety of suppliers and use several subcontractors and contract manufacturers to provide design and manufacturing services for our products. During the normal course of business, we enter into agreements with subcontractors, contract manufacturers and suppliers that either allow them to procure inventory based upon criteria defined by us or that establish the parameters defining our requirements. We also enter into agreements and purchase commitments with suppliers for the construction, launch, and operation of our satellites. In certain instances, these agreements allow us the option to cancel, reschedule and adjust our requirements based on our business needs prior to firm orders being placed. Consequently, only a portion of our reported purchase commitments arising from these agreements are firm, non-cancelable and unconditional commitments.

Our consolidated balance sheets included $42.7 million and $37.4 million of "other liabilities" as of March 31, 2017 and March 31, 2016, respectively, which primarily consisted of the long-term portion of our satellite performance incentives obligation, our long-term warranty obligations, the long-term portion of deferred rent, long-term portion of deferred revenue and long-term deferred income taxes. With the exception of the long-term portion of our satellite performance incentives obligation, these remaining liabilities have been excluded from the above table as the timing and/or the amount of any cash payment is uncertain. See Note 8 to our consolidated financial statements for additional information regarding our income taxes and related tax positions and Note 14 to our consolidated financial statements for a discussion of our product warranties.

Off-Balance Sheet Arrangements

We had no material off-balance sheet arrangements at March 31, 2017 as defined in Regulation S-K Item 303(a)(4) other than as discussed under Contractual Obligations above or disclosed in the notes to our consolidated financial statements included in this report.

Recent Authoritative Guidance

For information regarding recently adopted and issued accounting pronouncements, see Note 1 to the consolidated financial statements.

ITEM 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

Interest Rate Risk

Our financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, short-term and long-term obligations, including the Credit Facilities and the 2020 Notes, and foreign currency forward contracts. We consider investments in highly liquid instruments purchased with a remaining maturity of three months or less at the date of purchase to be cash equivalents. As of March 31, 2017, we had no outstanding borrowings under our Revolving Credit Facility, $274.6 million in principal amount of outstanding borrowings under our Ex-Im Credit Facility as well as $29.5 million in accrued completion exposure fees expected to be financed under the Ex-Im Credit Facility, and $575.0 million in aggregate principal amount outstanding of the 2020 Notes, and we held no short-term investments. Our 2020 Notes and borrowings under our Ex-Im Credit Facility bear interest at a fixed rate and therefore our exposure to market risk for changes in interest rates relates primarily to borrowings under our Revolving Credit Facility, cash equivalents, short-term investments and short-term obligations.

The primary objective of our investment activities is to preserve principal while at the same time maximizing the income we receive from our investments without significantly increasing risk. To minimize this risk, we maintain a significant portion of our cash balance in money market funds. In general, money market funds are not subject to interest rate risk because the interest paid on such funds fluctuates with the prevailing interest rate. Our cash and cash equivalents earn interest at variable rates. Our interest income has been and may continue to be negatively impacted by low market interest rates. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. If the underlying weighted average interest rate on our cash and cash equivalents, assuming balances remain constant over a year, changed by 50 basis points, interest income would have increased or decreased by an insignificant amount for the fiscal years ended March 31, 2017 and March 31, 2016. Because our investment policy restricts us to invest in conservative, interest-bearing investments and because our business strategy does not rely on generating material returns from our investment portfolio, we do not expect our market risk exposure on our investment portfolio to be material.

Our primary interest rate under the Revolving Credit Facility is the Eurodollar rate plus an applicable margin that is based on our total leverage ratio. Under the Revolving Credit Facility, the effective interest rate as of March 31, 2017 that would have been applied to any new Eurodollar-based borrowings under the Revolving Credit Facility was approximately 3.55%. As of March 31, 2017, we had no outstanding borrowings under our Revolving Credit Facility. Accordingly, assuming the outstanding balance remained constant over a year, changes in interests rates applicable to our Revolving Credit Facility would have no effect on our interest incurred and cash flow.

Foreign Exchange Risk

We generally conduct our business in U.S. dollars. However, as our international business is conducted in a variety of foreign currencies, we are exposed to fluctuations in foreign currency exchange rates. The closing of our strategic partnering arrangement with Eutelsat during the fourth quarter of fiscal year 2017 and related investment in Euro Infrastructure Co., which is denominated in Euros, increases our exposure to foreign currency risk. Our objective in managing our exposure to foreign currency risk is to reduce earnings and cash flow volatility associated with foreign exchange rate fluctuations. Accordingly, from time to time, we may enter into foreign currency forward contracts to mitigate risks associated with foreign currency denominated assets, liabilities, commitments and anticipated foreign currency transactions.

As of March 31, 2017, we had a number of foreign currency forward contracts outstanding which are intended to reduce the foreign currency risk for amounts payable to vendors in Euros. The foreign currency forward contracts with a notional amount of $2.6 million had an insignificant amount of fair value recorded in accrued liabilities as of March 31, 2017. If the foreign currency forward rate for the Euro to U.S. dollar on these foreign currency forward contracts had changed by 10%, the fair value of these foreign currency forward contracts as of March 31, 2017 would have changed by an insignificant amount.

ITEM 8. *FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA*

Our consolidated financial statements at March 31, 2017 and March 31, 2016 and for each of the three fiscal years in the period ended March 31, 2017, and the Report of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm, are included in this report on pages F-1 through F-46.

Summarized Quarterly Data (Unaudited)

The following financial information reflects all normal recurring adjustments which are, in the opinion of management, necessary for the fair statement of the results for the interim periods. Summarized quarterly data for fiscal years 2017 and 2016 are as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	(In thousands, except per share data)			
2017				
Total revenues	$ 363,130	$ 399,158	$ 380,630	$ 416,419
Income from operations	7,778	18,414	7,591	2,676
Net income	2,157	10,739	4,622	4,249
Net income attributable to ViaSat, Inc.	1,855	11,019	4,243	6,650
Basic net income per share attributable to ViaSat, Inc.	0.04	0.22	0.08	0.12
Diluted net income per share attributable to ViaSat, Inc.	0.04	0.22	0.08	0.11
2016				
Total revenues	$ 344,378	$ 353,330	$ 347,759	$ 371,964
Income from operations	9,414	13,826	10,385	7,494
Net income	2,519	4,920	9,944	4,387
Net income attributable to ViaSat, Inc.	2,608	4,936	9,747	4,450
Basic net income per share attributable to ViaSat, Inc.	0.05	0.10	0.20	0.09
Diluted net income per share attributable to ViaSat, Inc.	0.05	0.10	0.20	0.09

Summarized quarterly data reflects product revenue recognized with respect to amounts realized under the Settlement Agreement of approximately $6.7 million for each quarter of fiscal year 2017. Summarized quarterly data reflects product revenue recognized with respect to amounts realized under the Settlement Agreement of approximately $6.0 million for each quarter of fiscal year 2016. As of March 31, 2017, all payments pursuant to the Settlement Agreement have been recorded and no further impacts to our consolidated financial statements are anticipated related to the Settlement Agreement. Refer to Note 13 to the consolidated financial statements for discussion of the Settlement Agreement. In addition, summarized quarterly data for the fourth quarter of fiscal year 2017 reflects (under income from operations and net income) $11.4 million of uncharacterized damages and $0.4 million of penalties, and (under net income attributable to ViaSat, Inc.) approximately $4.0 million, net of tax, related to the impact of the loss contingency, in each case accrued in SG&A expenses in our government systems segment in connection with the False Claims Act civil investigation related to our 52% majority-owned subsidiary TrellisWare. The TrellisWare False Claims Act civil investigation also resulted in a $0.07 per share impact to basic and diluted net income per share attributable to ViaSat Inc. in the fourth quarter of fiscal year 2017. Refer to Note 13 to the consolidated financial statements for further discussion of the TrellisWare False Claims Act civil investigation.

Basic and diluted net income per share are computed independently for each of the quarters presented. Therefore, the sum of quarterly basic and diluted per share information may not equal annual basic and diluted net income per share.

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

None.

ITEM 9A. *CONTROLS AND PROCEDURES*

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance of achieving the objective that information in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified and pursuant to the requirements of the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by SEC Rule 13a-15(b), we carried out an evaluation, with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of March 31, 2017, the end of the period covered by this report. Based upon the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of March 31, 2017.

Management's Report on Internal Control Over Financial Reporting

The company's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of the company's management, including our Chief Executive Officer and Chief Financial Officer, the company conducted an evaluation of the effectiveness of its internal control over financial reporting based on criteria established in the framework in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the company's management concluded that its internal control over financial reporting was effective as of March 31, 2017.

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 risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The company's independent registered public accounting firm has audited the effectiveness of the company's internal control over financial reporting as of March 31, 2017, as stated in their report which appears on page F-1.

Changes in Internal Control Over Financial Reporting

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes. During the quarter ended March 31, 2017, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. *OTHER INFORMATION*

None.

PART III

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

The information required by this item is included in our definitive Proxy Statement to be filed with the SEC in connection with our 2017 Annual Meeting of Stockholders (the Proxy Statement) under the headings “Corporate Governance Principles and Board Matters,” “Election of Directors” and “Ownership of Securities,” and is incorporated herein by reference.

The information required by this item relating to our executive officers is included under the caption “Executive Officers” in Part I of this Form 10-K and is incorporated herein by reference into this section.

We have adopted a code of ethics applicable to all of our employees (including our principal executive officer, principal financial officer, principal accounting officer and controller). The code of ethics is designed to deter wrongdoing and to promote honest and ethical conduct and compliance with applicable laws and regulations. The full text of our code of ethics is published on our website at *www.viasat.com*. We intend to disclose future amendments to certain provisions of our code of ethics, or waivers of such provisions granted to executive officers and directors, on our website within four business days following the date of such amendment or waiver.

ITEM 11. *EXECUTIVE COMPENSATION*

The information required by this item is included in the Proxy Statement under the heading “Executive Compensation” and is incorporated herein by reference.

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

The information required by this item is included in the Proxy Statement under the headings “Ownership of Securities” and “Executive Compensation — Equity Compensation Plan Information,” and is incorporated herein by reference.

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

The information required by this item is included in the Proxy Statement under the headings “Corporate Governance Principles and Board Matters” and “Certain Relationships and Related Transactions,” and is incorporated herein by reference.

ITEM 14. *PRINCIPAL ACCOUNTING FEES AND SERVICES*

The information required by this item is included in the Proxy Statement under the heading “Ratification of Appointment of Independent Registered Public Accounting Firm” and is incorporated herein by reference.

PART IV

ITEM 15. *EXHIBITS, FINANCIAL STATEMENT SCHEDULES*

(a) The following documents are filed as part of this report:

(1) Consolidated Financial Statements

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

(3) Exhibits

The Exhibit Index on page 78 is incorporated herein by reference as the list of exhibits required as part of this report.

ITEM 16. *FORM 10-K SUMMARY*

None.

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.

VIASAT, INC.

By: /s/ MARK DANKBERG
Chairman and Chief Executive Officer

Date: May 24, 2017

Know all persons by these presents, that each person whose signature appears below constitutes and appoints Mark Dankberg and Shawn Duffy, jointly and severally, his attorneys-in-fact, each with the full power of substitution, for him in any and all capacities, to sign any amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may 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 on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ MARK DANKBERG Mark Dankberg	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	May 24, 2017
/s/ SHAWN DUFFY Shawn Duffy	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	May 24, 2017
/s/ RICK BALDRIDGE Rick Baldridge	Director, President and Chief Operating Officer	May 24, 2017
/s/ FRANK J. BIONDI, JR. Frank J. Biondi, Jr.	Director	May 24, 2017
/s/ ROBERT JOHNSON Robert Johnson	Director	May 24, 2017
/s/ ALLEN LAY Allen Lay	Director	May 24, 2017
/s/ JEFFREY NASH Jeffrey Nash	Director	May 24, 2017
/s/ JOHN STENBIT John Stenbit	Director	May 24, 2017
/s/ HARVEY WHITE Harvey White	Director	May 24, 2017

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference: Form	File No.	Exhibit	Filing Date	Filed or Furnished Herewith
3.1	Second Amended and Restated Certificate of Incorporation of ViaSat, Inc.	10-Q	000-21767	3.1	11/14/2000	
3.2	Second Amended and Restated Bylaws of ViaSat, Inc.	8-K	000-21767	3.1	12/04/2012	
4.1	Form of Common Stock Certificate	S-1/A	333-13183	4.1	11/05/1996	
4.2	Indenture dated as of February 27, 2012 by and among ViaSat, Inc., Wilmington Trust, National Association, as trustee, and the guarantors party thereto	8-K	000-21767	4.1	02/27/2012	
4.3	Form of 6.875% Senior Note due 2020 of ViaSat, Inc. (attached as Exhibit A to the Indenture filed as Exhibit 4.2 hereto)	8-K	000-21767	4.1	02/27/2012	
10.1	Form of Indemnification Agreement between ViaSat, Inc. and each of its directors and officers	8-K	000-21767	99.1	03/07/2008	
10.2*	ViaSat, Inc. Employee Stock Purchase Plan (as Amended and Restated Effective September 16, 2015)	8-K	000-21767	10.1	09/17/2015	
10.3*	1996 Equity Participation Plan of ViaSat, Inc. (As Amended and Restated Effective September 16, 2015)	8-K	000-21767	10.2	09/17/2015	
10.4*	Form of Stock Option Agreement for the 1996 Equity Participation Plan of ViaSat, Inc.	10-K	000-21767	10.4	05/26/2015	
10.5*	Form of Restricted Stock Unit Award Agreement for the 1996 Equity Participation Plan of ViaSat, Inc.—Global					X
10.6*	Form of Restricted Stock Unit Award Agreement for the 1996 Equity Participation Plan of ViaSat, Inc.—Independent Director	10-K	000-21767	10.6	05/26/2015	
10.7*	Form of Restricted Stock Unit Award Agreement for the 1996 Equity Participation Plan of ViaSat, Inc.—Executive	10-K	000-21767	10.7	05/26/2015	
10.8*	Form of Change in Control Severance Agreement between ViaSat, Inc. and each of its executive officers	8-K	000-21767	10.1	08/04/2010	
10.9	Credit Agreement dated as of November 26, 2013, by and among ViaSat, Inc., Union Bank, N.A. (as agent) and the other lenders party thereto	8-K	000-21767	10.1	11/26/2013	
10.9.1	First Amendment to Credit Agreement and Other Loan Documents dated as of March 12, 2015, by and among ViaSat, Inc., Union Bank, N.A. (as agent) and the other lenders party thereto	8-K	000-21767	10.2	03/13/2015	

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Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
10.9.2	Second Amendment to Credit Agreement and Other Loan Documents dated as of May 24, 2016, by and among ViaSat, Inc., MUFG Union Bank, N.A. (as agent) and the other lenders party thereto	8-K	000-21767	10.1	05/24/2016	
10.10	Credit Agreement dated as of March 12, 2015, by and among ViaSat Technologies Limited, ViaSat, Inc., JPMorgan Chase Bank, National Association (as Ex-Im facility agent) and the Export-Import Bank of the United States	8-K	000-21767	10.1	03/13/2015	
10.10.1	First Amendment to Credit Agreement, dated as of June 12, 2015, by and among ViaSat Technologies Limited, ViaSat, Inc., JPMorgan Chase Bank, National Association (as Ex-Im Facility Agent) and the Export-Import Bank of the United States	10-Q	000-21767	10.1	08/10/2015	
10.10.2	Second Amendment Agreement, dated as of March 23, 2016, by and among ViaSat Technologies Limited, ViaSat, Inc., JPMorgan Chase Bank, National Association (as Ex-Im Facility Agent) and the Export-Import Bank of the United States	8-K	000-21767	10.1	03/24/2016	
10.10.3	Third Amendment Agreement, dated as of October 11, 2016, by and among ViaSat Technologies Limited, ViaSat, Inc., JPMorgan Chase Bank, National Association (as Ex-Im Facility Agent) and the Export-Import Bank of the United States	8-K	000-21767	10.1	10/12/2016	
10.11†	Award/Contract dated March 10, 2010 between ViaSat, Inc. and Space and Naval Warfare Systems	10-K/A	000-21767	10.19	08/03/2010	
21.1	Subsidiaries					X
23.1	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm					X
24.1	Power of Attorney (see signature page)					X
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Chief Executive Officer					X
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Chief Financial Officer					X
32.1	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X

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Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
101.INS	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase					X
101.LAB	XBRL Taxonomy Extension Labels Linkbase					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase					X

* Indicates management contract, compensatory plan or arrangement.

† Portions of this exhibit (indicated by asterisks) have been omitted and separately filed with the Commission pursuant to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of ViaSat, Inc.:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of ViaSat, Inc. and its subsidiaries at March 31, 2017 and 2016, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2017 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2017, based on criteria established in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included 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, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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 (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 being made only 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.

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.

/s/ PricewaterhouseCoopers LLP

San Diego, California
May 24, 2017

VIASAT, INC.
CONSOLIDATED BALANCE SHEETS

	As of March 31, 2017	As of March 31, 2016
	(In thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 130,098	$ 42,088
Accounts receivable, net	263,721	286,724
Inventories	163,201	145,161
Prepaid expenses and other current assets	57,836	47,583
Total current assets	614,856	521,556
Satellites, net	1,108,270	898,197
Property and equipment, net	540,608	486,910
Other acquired intangible assets, net	41,677	33,604
Goodwill	119,876	117,040
Other assets	529,366	340,005
Total assets	$ 2,954,653	$ 2,397,312
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 100,270	$ 95,645
Accrued liabilities	225,247	184,344
Total current liabilities	325,517	279,989
Senior notes, net	575,380	575,304
Other long-term debt, net	273,103	370,224
Other liabilities	42,722	37,371
Total liabilities	1,216,722	1,262,888
Commitments and contingencies (Notes 12 and 13)		
Equity:		
ViaSat, Inc. stockholders' equity		
Preferred stock, $.0001 par value; 5,000,000 shares authorized; no shares issued and outstanding at March 31, 2017 and 2016, respectively	—	—
Common stock, $.0001 par value, 100,000,000 shares authorized; 57,600,609 and 48,926,417 shares outstanding at March 31, 2017 and 2016, respectively	6	5
Paid-in capital	1,439,645	855,387
Retained earnings	297,471	273,704
Accumulated other comprehensive (loss) income	(2,504)	7
Total ViaSat, Inc. stockholders' equity	1,734,618	1,129,103
Noncontrolling interest in subsidiaries	3,313	5,321
Total equity	1,737,931	1,134,424
Total liabilities and equity	$ 2,954,653	$ 2,397,312

See accompanying notes to the consolidated financial statements.

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VIASAT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Fiscal Years Ended		
	March 31, 2017	March 31, 2016	April 3, 2015
	(In thousands, except per share data)		
Revenues:			
Product revenues	$ 713,936	$ 664,821	$ 728,074
Service revenues	845,401	752,610	654,461
Total revenues	1,559,337	1,417,431	1,382,535
Operating expenses:			
Cost of product revenues	524,026	489,246	519,483
Cost of service revenues	524,949	495,099	444,431
Selling, general and administrative	333,468	298,345	270,841
Independent research and development	129,647	77,184	46,670
Amortization of acquired intangible assets	10,788	16,438	17,966
Income from operations	36,459	41,119	83,144
Other income (expense):			
Interest income	1,008	2,226	2,022
Interest expense	(12,083)	(25,748)	(31,448)
Income before income taxes	25,384	17,597	53,718
Provision for (benefit from) income taxes	3,617	(4,173)	13,827
Net income	21,767	21,770	39,891
Less: net (loss) income attributable to noncontrolling interests, net of tax	(2,000)	29	(472)
Net income attributable to ViaSat, Inc.	$ 23,767	$ 21,741	$ 40,363
Net income per share attributable to ViaSat, Inc. common stockholders:			
Basic net income per share attributable to ViaSat, Inc. common stockholders	$ 0.45	$ 0.45	$ 0.86
Diluted net income per share attributable to ViaSat, Inc. common stockholders	$ 0.45	$ 0.44	$ 0.84
Shares used in computing basic net income per share	52,318	48,464	47,139
Shares used in computing diluted net income per share	53,396	49,445	48,285
Comprehensive income:			
Net income	$ 21,767	$ 21,770	$ 39,891
Other comprehensive (loss) income, net of tax:			
Unrealized (loss) gain on hedging, net of tax	(182)	122	(25)
Foreign currency translation adjustments, net of tax	(2,329)	(262)	(2,141)
Other comprehensive (loss) income, net of tax	(2,511)	(140)	(2,166)
Comprehensive income	19,256	21,630	37,725
Less: comprehensive (loss) income attributable to noncontrolling interests, net of tax	(2,000)	29	(472)
Comprehensive income attributable to ViaSat, Inc.	$ 21,256	$ 21,601	$ 38,197

See accompanying notes to the consolidated financial statements.

VIASAT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Years Ended		
	March 31, 2017	March 31, 2016	April 3, 2015
	(In thousands)		
Cash flows from operating activities:			
Net income	$ 21,767	$ 21,770	$ 39,891
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	200,686	193,086	179,542
Amortization of intangible assets	45,236	48,990	41,891
Deferred income taxes	(218)	(5,003)	12,420
Stock-based compensation expense	55,775	47,510	39,353
Loss on disposition of fixed assets	35,431	33,960	31,997
Other non-cash adjustments	10,018	8,957	4,778
Increase (decrease) in cash resulting from changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable	16,071	(26,342)	3,745
Inventories	(12,386)	(26,749)	(1,217)
Other assets	(15,259)	(3,335)	(16,328)
Accounts payable	972	5,250	862
Accrued liabilities	48,039	(337)	20,017
Other liabilities	5,166	(820)	(7,435)
Net cash provided by operating activities	411,298	296,937	349,516
Cash flows from investing activities:			
Purchase of property, equipment and satellites	(514,692)	(377,894)	(366,492)
Investment in unconsolidated affiliate	(140,378)	(1,258)	—
Cash paid for patents, licenses and other assets	(70,966)	(72,731)	(52,686)
Payments related to acquisition of businesses, net of cash acquired	(16,528)	(4,402)	(57,376)
Proceeds from sale of real property	27,559	—	—
Net cash used in investing activities	(715,005)	(456,285)	(476,554)
Cash flows from financing activities:			
Proceeds from revolving credit facility borrowings	90,000	175,000	350,000
Payments of revolving credit facility borrowings	(270,000)	(205,000)	(245,000)
Proceeds from Ex-Im credit facility borrowings, net of discount	77,469	175,834	13,914
Payment of debt issuance costs	(6,677)	(840)	(2,757)
Proceeds from issuance of common stock under equity plans	22,403	22,309	23,202
Purchase of common stock in treasury (immediately retired) related to tax withholdings for stock-based compensation	(21,670)	(16,397)	(14,788)
Proceeds from common stock issued in public offering, net of issuance costs	503,061	—	—
Other financing activities	(1,802)	(1,784)	(3,107)
Net cash provided by financing activities	392,784	149,122	121,464
Effect of exchange rate changes on cash	(1,067)	51	(510)
Net increase (decrease) in cash and cash equivalents	88,010	(10,175)	(6,084)
Cash and cash equivalents at beginning of fiscal year	42,088	52,263	58,347
Cash and cash equivalents at end of fiscal year	$ 130,098	$ 42,088	$ 52,263
Supplemental information:			
Cash paid for interest (net of amounts capitalized)	$ 10,094	$ 21,787	$ 29,645
Cash paid for income taxes, net	$ 1,468	$ 1,380	$ 494
Non-cash investing and financing activities:			
Issuance of stock in satisfaction of certain accrued employee compensation liabilities	$ 13,080	$ 11,609	$ 10,194
Capital expenditures not paid for	$ 29,813	$ 60,796	$ 6,584
Exposure fees on Ex-Im credit facility expected to be financed through Ex-Im credit facility	$ 8,505	$ 20,992	$ —
Issuance of common stock in connection with acquisition	$ 4,988	$ —	$ —

See accompanying notes to the consolidated financial statements.

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VIASAT, INC.
CONSOLIDATED STATEMENTS OF EQUITY

	ViaSat, Inc. Stockholders								
	Common Stock				Common Stock Held in Treasury				
	Number of Shares Issued	Amount	Paid-in Capital	Retained Earnings	Number of Shares	Amount	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Subsidiaries	Total
	(In thousands, except share data)								
Balance at April 4, 2014	47,419,831	$ 5	$ 776,452	$ 211,600	(1,190,572)	$(49,358)	$ 2,313	$ 5,623	$ 946,635
Exercise of stock options	724,800	—	15,732	—	—	—	—	—	15,732
Issuance of stock under Employee Stock Purchase Plan	152,268	—	7,470	—	—	—	—	—	7,470
Stock-based compensation	—	—	40,765	—	—	—	—	—	40,765
Shares issued in settlement of certain accrued employee compensation liabilities	180,526	—	10,194	—	—	—	—	—	10,194
Retirement of common stock held in treasury	(1,190,572)	—	(49,358)	—	1,190,572	49,358	—	—	—
RSU awards vesting, net of shares withheld for taxes which have been retired	410,560	—	(14,788)	—	—	—	—	—	(14,788)
Net income (loss)	—	—	—	40,363	—	—	—	(472)	39,891
Other comprehensive loss, net of tax	—	—	—	—	—	—	(2,166)	—	(2,166)
Balance at April 3, 2015	47,697,413	$ 5	$ 786,467	$ 251,963	—	$ —	$ 147	$ 5,151	$1,043,733
Exercise of stock options	432,706	—	13,520	—	—	—	—	—	13,520
Issuance of stock under Employee Stock Purchase Plan	170,968	—	8,789	—	—	—	—	—	8,789
Stock-based compensation	—	—	51,399	—	—	—	—	—	51,399
Shares issued in settlement of certain accrued employee compensation liabilities	185,424	—	11,609	—	—	—	—	—	11,609
RSU awards vesting, net of shares withheld for taxes which have been retired	439,906	—	(16,397)	—	—	—	—	—	(16,397)
Other noncontrolling interest activity	—	—	—	—	—	—	—	141	141
Net income	—	—	—	21,741	—	—	—	29	21,770
Other comprehensive loss, net of tax	—	—	—	—	—	—	(140)	—	(140)
Balance at March 31, 2016	48,926,417	$ 5	$ 855,387	$ 273,704	—	$ —	$ 7	$ 5,321	$1,134,424
Exercise of stock options	273,050	—	12,117	—	—	—	—	—	12,117
Issuance of stock under Employee Stock Purchase Plan	188,938	—	10,286	—	—	—	—	—	10,286
Common stock issued in public offering, net of issuance costs	7,475,000	1	503,060	—	—	—	—	—	503,061
Stock-based compensation	—	—	62,397	—	—	—	—	—	62,397
Shares issued in settlement of certain accrued employee compensation liabilities	176,731	—	13,080	—	—	—	—	—	13,080
RSU awards vesting, net of shares withheld for taxes which have been retired	498,585	—	(21,670)	—	—	—	—	—	(21,670)
Shares issued in connection with acquisition of business	61,888	—	4,988	—	—	—	—	—	4,988
Other noncontrolling interest activity	—	—	—	—	—	—	—	(8)	(8)
Net income	—	—	—	23,767	—	—	—	(2,000)	21,767
Other comprehensive loss, net of tax	—	—	—	—	—	—	(2,511)	—	(2,511)
Balance at March 31, 2017	57,600,609	$ 6	$1,439,645	$ 297,471	—	$ —	$ (2,504)	$ 3,313	$1,737,931

See accompanying notes to the consolidated financial statements.

VIASAT, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — The Company and a Summary of Its Significant Accounting Policies

The Company

ViaSat, Inc. (also referred to hereafter as the "Company" or "ViaSat") is an innovator in broadband technologies and services, including high-speed and cost-effective broadband and advanced communications products and services.

Principles of consolidation

The Company's consolidated financial statements include the assets, liabilities and results of operations of ViaSat, its wholly owned subsidiaries and its majority-owned subsidiaries, TrellisWare Technologies, Inc. (TrellisWare) and Euro Broadband Retail Sàrl (Euro Retail Co.). All significant intercompany amounts have been eliminated. Investments in entities in which the Company can exercise significant influence, but does not own a majority equity interest or otherwise control, are accounted for using the equity method and are included as investment in unconsolidated affiliate in other assets (long-term) on the consolidated balance sheets.

On May 4, 2015, the Company's Board of Directors approved a change in the Company's fiscal year from a 52 or 53 week fiscal year ending on the Friday closest to March 31 to a fiscal year ending on March 31 of each year, effective with the fiscal year commencing April 4, 2015. Beginning April 4, 2015, the Company's fiscal quarters end on June 30, September 30, December 31, and March 31 of each year. Fiscal year 2015 was a 52 week year, whereas fiscal year 2016 was slightly shorter than 52 weeks due to the change in fiscal year beginning April 4, 2015. The Company does not believe that this difference in length of year had any material impact on its financial results.

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

Recent transactions

During the first quarter of fiscal year 2015, the Company completed the acquisition of NetNearU Corp. (NetNearU), a privately held company that has developed a comprehensive network management system for Wi-Fi and other internet access networks. During the first quarter of fiscal year 2016, the Company completed the acquisition of Engreen Inc. (Engreen), a privately held company focused on network function virtualization. The Engreen purchase price of approximately $5.3 million was primarily allocated to acquired technology intangible assets and the assumption of certain liabilities. These acquisitions were accounted for as purchases and, accordingly, the consolidated financial statements include the operating results of NetNearU and Engreen from the dates of acquisition.

On November 14, 2016, the Company completed the acquisition of Aerodocs Limited (Arconics), a privately held company focused on wireless in-flight entertainment management software services. The Arconics purchase price of approximately $21.6 million was comprised of approximately $16.6 million in cash consideration paid to former Arconics equity holders and $5.0 million related to the fair value of 61,888 shares of the Company's common stock issued at the closing. The approximately $16.6 million in cash consideration paid to former Arconics equity holders less cash acquired of $0.6 million resulted in a net cash outlay by the Company of approximately $16.0 million. The Arconics purchase price was primarily allocated to acquired technology and customer relationships intangible assets, and goodwill. Through this acquisition the Company gained broader expertise, aviation-grade software and mobile applications to make flying safer and more efficient for pilots, cabin crews and flight operations teams, as well as applications that are expected to create new opportunities for passenger entertainment and airline services and revenue. This acquisition was accounted for as a purchase and, accordingly, the consolidated financial statements include the operating results of Arconics in our satellite services segment from the date of acquisition.

VIASAT, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

On November 23, 2016, the Company completed the sale of an aggregate of 7,475,000 shares of ViaSat common stock in an underwritten public offering. The Company's net proceeds from the offering were approximately $503.1 million after deducting underwriting discounts and offering expenses. In November 2016, the Company used $225.0 million of the net proceeds from the offering to repay outstanding borrowings under the Company's revolving credit facility (the Revolving Credit Facility). The Company expects to use the remaining net proceeds for general corporate purposes, which may include financing costs related to the purchase, launch and operation of satellites, potential acquisitions, joint ventures and strategic alliances, working capital or capital expenditures.

On March 3, 2017, the Company consummated its strategic partnering arrangement with Eutelsat S.A (together with its affiliates, Eutelsat) for the ownership and operation of satellite broadband infrastructure and equipment, and provision of satellite-based broadband internet services in the European region (see Note 9). At the closing of the transaction, Eutelsat contributed and transferred assets relating to its existing wholesale satellite broadband business (including its KA-SAT satellite) to a subsidiary of Eutelsat, Euro Broadband Infrastructure Sàrl (Euro Infrastructure Co.), in exchange for the issuance of new shares in such subsidiary, and immediately following such contribution and issuance, the Company purchased 49% of the issued shares of Euro Infrastructure Co. from Eutelsat for cash consideration of $139.5 million. The Company's total net cash outlay for this investment in Euro Infrastructure Co., including approximately $2.4 million of transaction costs, was approximately $141.9 million. Also at the closing, Eutelsat purchased 49% of the issued shares of Euro Retail Co. for an immaterial amount. Under the strategic partnering arrangement, Euro Infrastructure Co. owns and operates the KA-SAT satellite and related assets and offers wholesale satellite capacity services in the European region, and Euro Retail Co. purchases wholesale satellite capacity services and offers retail satellite-based broadband internet services in the European region.

Management estimates and assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Estimates have been prepared on the basis of the most current and best available information and actual results could differ from those estimates. Significant estimates made by management include revenue recognition, stock-based compensation, self-insurance reserves, allowance for doubtful accounts, warranty accruals, valuation of goodwill and other intangible assets, patents, orbital slots and other licenses, software development, property, equipment and satellites, long-lived assets, derivatives, contingencies and income taxes including the valuation allowance on deferred tax assets.

Cash equivalents

Cash equivalents consist of highly liquid investments with original maturities of three months or less at the date of purchase.

Accounts receivable, unbilled accounts receivable and allowance for doubtful accounts

The Company records receivables at net realizable value including an allowance for estimated uncollectible accounts. The allowance for doubtful accounts is based on the Company's assessment of the collectability of customer accounts. The Company regularly reviews the allowance by considering factors such as historical experience, credit quality, the age of accounts receivable balances and current economic conditions that may affect a customer's ability to pay. Amounts determined to be uncollectible are charged or written off against the

VIASAT, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

reserve. Historically, the Company's allowance for doubtful accounts has been minimal primarily because a significant portion of its sales has been to the U.S. government or with respect to its satellite services commercial business, the Company bills and collects in advance.

Unbilled accounts receivables consist of costs and fees earned and billable on contract completion or other specified events. Unbilled accounts receivables are generally expected to be billed and collected within one year.

Concentration of risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash equivalents and accounts receivable which are generally not collateralized. The Company limits its exposure to credit loss by placing its cash equivalents with high credit quality financial institutions and investing in high quality short-term debt instruments. The Company establishes customer credit policies related to its accounts receivable based on historical collection experiences within the various markets in which the Company operates, historical past due amounts and any specific information that the Company becomes aware of such as bankruptcy or liquidity issues of customers.

Revenues from the U.S. government as an individual customer comprised approximately 28.8%, 23.7% and 22.8% of total revenues for fiscal years 2017, 2016 and 2015, respectively. Billed accounts receivable to the U.S. government as of March 31, 2017 and 2016 were approximately 30.1% and 22.8%, respectively, of total billed receivables. In addition, none of the Company's commercial customers comprised 10.0% or more of total revenues for fiscal years 2017, 2016 and 2015. The Company's five largest contracts generated approximately 19.6%, 19.4% and 21.1% of the Company's total revenues for the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015, respectively.

The Company relies on a limited number of contract manufacturers to produce its products.

Inventory

Inventory is valued at the lower of cost and net realizable value, cost being determined by the weighted average cost method.

Property, equipment and satellites

Satellites and other property and equipment are recorded at cost or, in the case of certain satellites and other property acquired, the fair value at the date of acquisition, net of accumulated depreciation. Capitalized satellite costs consist primarily of the costs of satellite construction and launch, including launch insurance and insurance during the period of in-orbit testing, the net present value of performance incentives expected to be payable to satellite manufacturers (dependent on the continued satisfactory performance of the satellites), costs directly associated with the monitoring and support of satellite construction, and interest costs incurred during the period of satellite construction. The Company also constructs earth stations, network operations systems and other assets to support its satellites, and those construction costs, including interest, are capitalized as incurred. At the time satellites are placed in service, the Company estimates the useful life of its satellites for depreciation purposes based upon an analysis of each satellite's performance against the original manufacturer's orbital design life, estimated fuel levels and related consumption rates, as well as historical satellite operating trends. Costs related to internally developed software for internal uses are capitalized after the preliminary project stage is complete and are amortized over the estimated useful lives of the assets. Costs incurred for additions to property, equipment and satellites, together with major renewals and betterments, are capitalized and depreciated over the remaining life of the underlying asset. Costs incurred for maintenance, repairs and minor renewals and betterments are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts and any resulting gain or loss is recognized in operations, which for the periods presented, primarily related to losses incurred for unreturned customer premise equipment (CPE). The Company computes depreciation using the straight-line method over the estimated useful lives of the assets ranging from two to 24 years. Leasehold improvements are capitalized and amortized using the straight-line method over the shorter of the lease term or the life of the improvement.

Interest expense is capitalized on the carrying value of assets under construction, in accordance with the authoritative guidance for the capitalization of interest (Accounting Standards Codification (ASC) 835-20). With respect to assets under construction, including the ViaSat-2 satellite and related gateway and networking equipment (which commenced construction during the first quarter of fiscal year 2014), and the ViaSat-3 class satellites (which commenced construction during the fourth quarter of fiscal year 2016), the Company capitalized $49.7 million, $30.1 million, and $16.2 million of interest expense during the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015, respectively.

The Company owns two satellites: ViaSat-1 (its first-generation high-capacity Ka-band spot-beam satellite, which was placed into service in January 2012) and WildBlue-1 (which was placed into service in March 2007). The Company's second-generation ViaSat-2 satellite is expected to be launched in June 2017, after the slight further delay in scheduled launch date due to recent civil unrest in French Guiana (the location of the satellite launch). The Company currently has two third-generation ViaSat-3 class satellites under construction. The Company also has an exclusive prepaid lifetime capital lease of Ka-band capacity over the contiguous United States on Telesat Canada's Anik F2 satellite (which was placed into service in April 2005) and owns related earth stations and networking equipment for all of its satellites. The Company periodically reviews the remaining estimated useful life of its satellites to determine if revisions to estimated lives are necessary. The Company procures indoor and outdoor CPE units leased to subscribers under a retail leasing program as part of the Company's satellite services segment, which are reflected in investing activities and property and equipment in the accompanying consolidated financial statements. The Company depreciates the satellites, earth stations and networking equipment, CPE units and related installation costs over their estimated useful lives. The total cost and accumulated depreciation of CPE units included in property and equipment, net, as of March 31, 2017 were $271.9 million and $158.2 million, respectively. The total cost and accumulated depreciation of CPE units included in property and equipment, net, as of March 31, 2016 were $260.4 million and $136.4 million, respectively.

Occasionally, the Company may enter into capital lease arrangements for various machinery, equipment, computer-related equipment, software, furniture or fixtures. The Company records amortization of assets leased under capital lease arrangements within depreciation expense.

On October 6, 2015, the Company purchased approximately 23 acres of land adjacent to the Company's current headquarters location for $39.5 million. On March 1, 2017, the Company sold approximately 16 acres of the land for approximately $27.6 million and leased back certain office space in a sale-leaseback transaction. The lease has been classified as an operating lease and contains a ten year initial term plus renewal options with the future commitments included in Note 12.

Goodwill and intangible assets

The authoritative guidance for business combinations (ASC 805) requires that all business combinations be accounted for using the purchase method. The authoritative guidance for business combinations also specifies criteria for recognizing and reporting intangible assets apart from goodwill; however, acquired workforce must be recognized and reported in goodwill. The authoritative guidance for goodwill and other intangible assets (ASC 350) requires that intangible assets with an indefinite life should not be amortized until their life is determined to be finite. All other intangible assets must be amortized over their useful life. The authoritative guidance for goodwill and other intangible assets prohibits the amortization of goodwill and indefinite-lived intangible assets, but instead requires these assets to be tested for impairment at least annually and more frequently upon the occurrence of specified events. In addition, all goodwill must be assigned to reporting units for purposes of impairment testing.

Patents, orbital slots and other licenses

The Company capitalizes the costs of obtaining or acquiring patents, orbital slots and other licenses. Amortization of intangible assets that have finite lives is provided for by the straight-line method over the shorter of the legal or estimated economic life. Total capitalized costs of $3.2 million related to patents were included in other assets as of March 31, 2017 and 2016. The Company capitalized costs of $15.4 million related to acquiring and obtaining orbital slots and other licenses included in other assets as of March 31, 2017 and 2016. Accumulated amortization related to these assets was $2.1 million and $1.7 million as of March 31, 2017 and 2016, respectively. Amortization expense related to these assets was an insignificant amount for the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015. If a patent, orbital slot or orbital license is rejected, abandoned or otherwise invalidated, the unamortized cost is expensed in that period. During fiscal years 2017, 2016 and 2015, the Company did not write off any significant costs due to abandonment or impairment.

Debt issuance costs

Debt issuance costs are amortized and recognized as interest expense using the effective interest rate method, or, when the results are not materially different, on a straight-line basis over the expected term of the related debt. During fiscal years 2017, 2016 and 2015, the Company capitalized $6.1 million, an insignificant amount and $3.5 million, respectively, of debt issuance costs. Unamortized debt issuance costs related to extinguished debt are expensed at the time the debt is extinguished and recorded in loss on extinguishment of debt in the consolidated statements of operations and comprehensive income. Debt issuance costs related to the Revolving Credit Facility are recorded in prepaid expenses and other current assets and in other long-term assets in the consolidated balance sheets in accordance with Accounting Standards Update (ASU) 2015-15, Interest — Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements, which the Company adopted during the first quarter of fiscal year 2017. Debt issuance costs related to the Company’s 6.875% Senior Notes due 2020 (2020 Notes) and the Company’s direct loan facility with the Export-Import Bank of the United States for ViaSat-2 (the Ex-Im Credit Facility and, together with the Revolving Credit Facility, the Credit Facilities) are recorded as a direct deduction from the carrying amount of the related debt, consistent with debt discounts, in accordance with ASU 2015-03, Interest — Imputation of Interest (ASC 835-30): Simplifying the Presentation of Debt Issuance Costs, which the Company adopted during the first quarter of fiscal year 2017.

Software development

Costs of developing software for sale are charged to research and development expense when incurred, until technological feasibility has been established. Software development costs incurred from the time technological feasibility is reached until the product is available for general release to customers are capitalized and reported at the lower of unamortized cost or net realizable value. Once the product is available for general release, the software development costs are amortized based on the ratio of current to future revenue for each product with an annual minimum equal to straight-line amortization over the remaining estimated economic life of the product, generally within five years. Capitalized costs, net, of $203.7 million and $163.1 million related to software developed for resale were included in other assets as of March 31, 2017 and 2016, respectively. The Company capitalized $73.1 million and $75.4 million of costs related to software developed for resale for the fiscal years ended March 31, 2017 and 2016, respectively. Amortization expense for software development costs was $32.5 million, $32.2 million and $23.5 million during fiscal years 2017, 2016 and 2015, respectively.

VIASAT, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Impairment of long-lived and other long-term assets (property, equipment, and satellites, and other assets, including goodwill)

In accordance with the authoritative guidance for impairment or disposal of long-lived assets (ASC 360), the Company assesses potential impairments to long-lived assets, including property, equipment and satellites, and other assets, when there is evidence that events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized when the undiscounted cash flows expected to be generated by an asset (or group of assets) are less than the asset's carrying value. Any required impairment loss would be measured as the amount by which the asset's carrying value exceeds its fair value, and would be recorded as a reduction in the carrying value of the related asset and charged to results of operations. No material impairments were recorded by the Company for fiscal years 2017, 2016 and 2015.

The Company accounts for its goodwill under the authoritative guidance for goodwill and other intangible assets (ASC 350) and the provisions of ASU 2011-08, Intangibles — Goodwill and Other (ASC 350): Testing Goodwill for Impairment, which simplifies how the Company tests goodwill for impairment. Current authoritative guidance allows the Company to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. If, after completing the qualitative assessment, the Company determines that it is more likely than not that the estimated fair value is greater than the carrying value, the Company concludes that no impairment exists. If it is more likely than not that the carrying value of the reporting unit exceeds its estimated fair value, the Company compares the fair value of the reporting unit to its carrying value. If the estimated fair value of the reporting unit is less than the carrying value, a second step is performed in which the implied fair value of goodwill is compared to its carrying value. If the implied fair value of goodwill is less than its carrying value, goodwill must be written down to its implied fair value, resulting in goodwill impairment. The Company tests goodwill for impairment during the fourth quarter every fiscal year and when an event occurs or circumstances change such that it is reasonably possible that an impairment may exist.

In accordance with ASC 350, the Company assesses qualitative factors to determine whether goodwill is impaired. Furthermore, in addition to qualitative analysis, the Company believes it is appropriate to conduct a quantitative analysis periodically as a prudent review of its reporting unit goodwill fair values. The Company's quantitative analysis estimates the fair values of the reporting units using discounted cash flows and other indicators of fair value. The forecast of future cash flow is based on the Company's best estimate of each reporting units' future revenue and operating costs, based primarily on existing firm orders, expected future orders, contracts with suppliers, labor resources, general market conditions, and other relevant factors. Based on a quantitative analysis for fiscal year 2017, the Company concluded that estimated fair values of the Company's reporting units significantly exceed their respective carrying value.

The qualitative analysis includes assessing the impact of changes in certain factors including (1) changes in forecasted operating results and comparing actual results to projections, (2) changes in the industry or its competitive environment since the acquisition date, (3) changes in the overall economy, its market share and market interest rates since the acquisition date, (4) trends in the stock price and related market capitalization and enterprise values, (5) trends in peer companies total enterprise value metrics, and (6) additional factors such as management turnover, changes in regulation and changes in litigation matters.

Based on the Company's qualitative and quantitative assessment performed during the fourth quarter of fiscal year 2017, the Company concluded that it was more likely than not that the estimated fair value of the Company's reporting units exceeded their carrying value as of March 31, 2017, and therefore, determined it was not necessary to perform the two-step goodwill impairment test. No impairments were recorded by the Company related to goodwill and other intangible assets for fiscal years 2017, 2016 and 2015.

Warranty reserves

The Company provides limited warranties on its products for periods of up to five years. The Company records a liability for its warranty obligations when products are shipped or they are included in long-term construction contracts based upon an estimate of expected warranty costs. Amounts expected to be incurred within 12 months are classified as accrued liabilities and amounts expected to be incurred beyond 12 months are classified as other liabilities in the consolidated financial statements. For mature products, the warranty cost estimates are based on historical experience with the particular product. For newer products that do not have a history of warranty costs, the Company bases its estimates on its experience with the technology involved and the types of failures that may occur. It is possible that the Company's underlying assumptions will not reflect the actual experience and in that case, future adjustments will be made to the recorded warranty obligation (see Note 14).

Fair value of financial instruments

The carrying amounts of the Company's financial instruments, including cash equivalents, receivables, accounts payable and accrued liabilities, approximate their fair values due to their short-term maturities. The estimated fair value of the Company's long-term borrowings and other long-term interest bearing liabilities is determined by using available market information for those securities or similar financial instruments (see Note 3).

Self-insurance liabilities

The Company has self-insurance plans to retain a portion of the exposure for losses related to employee medical benefits and workers' compensation. The self-insurance plans include policies which provide for both specific and aggregate stop-loss limits. The Company utilizes internal actuarial methods as well as other historical information for the purpose of estimating ultimate costs for a particular plan year. Based on these actuarial methods, along with currently available information and insurance industry statistics, the Company has recorded self-insurance liability for its plans of $4.2 million and $3.8 million in accrued liabilities in the consolidated balance sheets as of March 31, 2017 and 2016, respectively. The Company's estimate, which is subject to inherent variability, is based on average claims experience in the Company's industry and its own experience in terms of frequency and severity of claims, including asserted and unasserted claims incurred but not reported, with no explicit provision for adverse fluctuation from year to year. This variability may lead to ultimate payments being either greater or less than the amounts presented above. Self-insurance liabilities have been classified as a current liability in accrued liabilities in accordance with the estimated timing of the projected payments.

Indemnification provisions

In the ordinary course of business, the Company includes indemnification provisions in certain of its contracts, generally relating to parties with which the Company has commercial relations. Pursuant to these agreements, the Company will indemnify, hold harmless and agree to reimburse the indemnified party for losses suffered or incurred by the indemnified party, including but not limited to losses relating to third-party intellectual property claims. To date, there have not been any material costs incurred in connection with such indemnification clauses. The Company's insurance policies do not necessarily cover the cost of defending indemnification claims or providing indemnification, so if a claim was filed against the Company by any party that the Company has agreed to indemnify, the Company could incur substantial legal costs and damages. A claim would be accrued when a loss is considered probable and the amount can be reasonably estimated. At March 31, 2017 and 2016, no such amounts were accrued related to the aforementioned provisions.

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Noncontrolling interests and unrestricted subsidiaries

A noncontrolling interest represents the equity interest in a subsidiary that is not attributable, either directly or indirectly, to the Company and is reported as equity of the Company, separately from the Company's controlling interest. Revenues, expenses, gains, losses, net income (loss) and other comprehensive income (loss) are reported in the consolidated financial statements at the consolidated amounts, which include the amounts attributable to both the controlling and noncontrolling interest.

The Company has designated its majority-owned subsidiaries TrellisWare and Euro Retail Co. as "Unrestricted Subsidiaries" under the indenture governing the 2020 Notes. The financial position and results of operations of the Company's Unrestricted Subsidiaries are included in its consolidated financial statements. Under the indenture governing the 2020 Notes, due to the significance of the net loss of the Company's 52% majority-owned subsidiary TrellisWare for fiscal year 2017, which reflected the Company's accrual for uncharacterized damages and penalties of $11.8 million recorded in the fourth quarter of fiscal year 2017 in connection with the False Claims Act civil investigation related to TrellisWare, the Company is required to present information sufficient to ascertain its financial condition and results of operations excluding the Company's Unrestricted Subsidiaries. The impact of the loss contingency on net income attributable to ViaSat, Inc. stockholders for fiscal year 2017, net of tax, was $4.0 million, with the related amount of $3.7 million recorded to net (loss) income attributable to noncontrolling interests, net of tax, while the impact on basic and diluted net income per share attributable to ViaSat, Inc. common stockholders for fiscal year 2017 was $0.08 per share and $0.07 per share, respectively. The net loss of the Company's Unrestricted Subsidiaries for the fiscal year ended March 31, 2017 was $4.2 million, which related primarily to TrellisWare. For the fiscal year ended March 31, 2017, total revenues and expenses of the Company's Unrestricted Subsidiaries were immaterial to the Company's consolidated results. For the fiscal years ended March 31, 2016 and 2015, total revenues, expenses and net income (loss) of the Company's Unrestricted Subsidiaries were immaterial to the Company's consolidated results. As of March 31, 2017 and 2016, total assets and liabilities of the Company's Unrestricted Subsidiaries were immaterial to the Company's consolidated results.

Investments in unconsolidated affiliate — equity method

Investments in entities in which the Company can exercise significant influence, but does not own a majority equity interest or otherwise control, are accounted for using the equity method and are included as investment in unconsolidated affiliate in other assets (long-term) on the consolidated balance sheets. The Company records its share of the results of such entities within equity earnings (losses) of unconsolidated affiliate, net on the consolidated statements of operations and comprehensive income (loss). The Company monitors such investments for other-than-temporary impairment by considering factors including the current economic and market conditions and the operating performance of the entities and records reductions in carrying values when necessary. The fair value of privately held investments is estimated using the best available information as of the valuation date, including current earnings trends, undiscounted cash flows, quoted stock prices of comparable public companies, and other company specific information, including recent financing rounds.

Common stock held in treasury

As of March 31, 2017 and 2016, the Company had no shares of common stock held in treasury.

During fiscal years 2017, 2016 and 2015, the Company issued 792,616, 703,043 and 647,006 shares of common stock, respectively, based on the vesting terms of certain restricted stock unit agreements. In order for employees to satisfy minimum statutory employee tax withholding requirements related to the issuance of common stock underlying these restricted stock unit agreements, the Company repurchased 294,031, 263,137 and 236,446 shares of common stock at cost with a total value of $21.7 million, $16.4 million and $14.8 million during fiscal years 2017, 2016 and 2015, respectively. The shares of common stock repurchased during fiscal years 2017 and 2016 and the fourth quarter of fiscal year 2015 were immediately retired. These retired shares remain as authorized stock; however they are considered to be unissued. The retirement of treasury stock had no impact on the Company's total consolidated stockholders' equity.

During fiscal year 2015, the Company retired 1,427,018 shares of treasury stock with a total value of $64.1 million. These retired shares remain as authorized stock; however they are now considered to be unissued. This treasury stock retirement resulted in a decrease in common stock held in treasury and in paid-in capital of $64.1 million in the Company's consolidated balance sheet. The retirement of treasury stock had no impact on the Company's total consolidated stockholders' equity.

During the third quarter of fiscal year 2015, the Board of Directors of the Company approved the retirement of all shares of treasury stock and, with respect to the future issuance of shares of common stock upon vesting of restricted stock units, approved the immediate retirement of shares withheld for employee withholding taxes. Although shares withheld for employee withholding taxes are technically not issued, they are treated as common stock repurchases for accounting purposes (with such shares deemed to be repurchased and then immediately retired), as they reduce the number of shares that otherwise would have been issued upon vesting of the restricted stock units.

Derivatives

The Company enters into foreign currency forward and option contracts from time to time to hedge certain forecasted foreign currency transactions. Gains and losses arising from foreign currency forward and option contracts not designated as hedging instruments are recorded in other income (expense) as gains (losses) on derivative instruments. Gains and losses arising from the effective portion of foreign currency forward and option contracts which are designated as cash-flow hedging instruments are recorded in accumulated other comprehensive income (loss) as unrealized gains (losses) on derivative instruments until the underlying transaction affects the Company's earnings, at which time they are then recorded in the same income statement line as the underlying transaction.

During fiscal years 2017, 2016 and 2015, the Company settled certain foreign exchange contracts and in connection therewith for each year recognized an insignificant gain or loss recorded in cost of revenues based on the nature of the underlying transactions. The fair value of the Company's foreign currency forward contracts was an insignificant amount recorded as an accrued liability as of March 31, 2017 and as an other current asset as of March 31, 2016. The notional value of foreign currency forward contracts outstanding as of March 31, 2017 and 2016 was $2.6 million and $5.0 million, respectively.

At March 31, 2017 the estimated net amount of unrealized gains or losses related to foreign currency forward contracts that was expected to be reclassified to earnings within the next 12 months was insignificant. The Company's foreign currency forward contracts outstanding as of March 31, 2017 will mature within approximately 24 to 36 months from their inception. There were no gains or losses from ineffectiveness of these derivative instruments recorded for fiscal years 2017, 2016 and 2015.

Foreign currency

In general, the functional currency of a foreign operation is deemed to be the local country's currency. Consequently, assets and liabilities of operations outside the United States are generally translated into

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U.S. dollars, and the effects of foreign currency translation adjustments are included as a component of accumulated other comprehensive income within ViaSat, Inc. stockholders' equity.

Revenue recognition

A substantial portion of the Company's revenues is derived from long-term contracts requiring development and delivery of complex equipment built to customer specifications. Sales related to long-term contracts are accounted for under the authoritative guidance for the percentage-of-completion method of accounting (ASC 605-35). Sales and earnings under these contracts are recorded either based on the ratio of actual costs incurred to date to total estimated costs expected to be incurred related to the contract, or as products are shipped under the units-of-delivery method. Anticipated losses on contracts are recognized in full in the period in which losses become probable and estimable. Changes in estimates of profit or loss on contracts are included in earnings on a cumulative basis in the period the estimate is changed. During fiscal years 2017, 2016 and 2015, the Company recorded losses of approximately $6.0 million, $5.1 million and $0.6 million, respectively, related to loss contracts.

The Company also derives a substantial portion of its revenues from contracts and purchase orders where revenue is recorded on delivery of products or performance of services in accordance with the authoritative guidance for revenue recognition (ASC 605). Under this standard, the Company recognizes revenue when an arrangement exists, prices are determinable, collectability is reasonably assured and the goods or services have been delivered.

The Company also enters into certain leasing arrangements with customers and evaluates the contracts in accordance with the authoritative guidance for leases (ASC 840). The Company's accounting for equipment leases involves specific determinations under the authoritative guidance for leases, which often involve complex provisions and significant judgments. In accordance with the authoritative guidance for leases, the Company classifies the transactions as sales type or operating leases based on: (1) review for transfers of ownership of the equipment to the lessee by the end of the lease term, (2) review of the lease terms to determine if it contains an option to purchase the leased equipment for a price which is sufficiently lower than the expected fair value of the equipment at the date of the option, (3) review of the lease term to determine if it is equal to or greater than 75% of the economic life of the equipment, and (4) review of the present value of the minimum lease payments to determine if they are equal to or greater than 90% of the fair market value of the equipment at the inception of the lease. Additionally, the Company considers the cancelability of the contract and any related uncertainty of collections or risk in recoverability of the lease investment at lease inception. Revenue from sales type leases is recognized at the inception of the lease or when the equipment has been delivered and installed at the customer site, if installation is required. Revenues from equipment rentals under operating leases are recognized as earned over the lease term, which is generally on a straight-line basis.

In accordance with the authoritative guidance for revenue recognition for multiple element arrangements, ASU 2009-13, Revenue Recognition (ASC 605) Multiple-Deliverable Revenue Arrangements, which updates ASC 605-25, Revenue Recognition-Multiple element arrangements, of the Financial Accounting Standards Board (FASB) codification, for substantially all of the arrangements with multiple deliverables, the Company allocates revenue to each element based on a selling price hierarchy at the arrangement inception. The selling price for each element is based upon the following selling price hierarchy: vendor specific objective evidence (VSOE) if available, third-party evidence (TPE) if VSOE is not available, or estimated selling price (ESP) if neither VSOE nor TPE are available (a description as to how the Company determines VSOE, TPE and ESP is provided below). If a tangible hardware systems product includes software, the Company determines whether the tangible hardware systems product and the software work together to deliver the product's essential functionality and, if so, the entire product is treated as a nonsoftware deliverable. The total arrangement consideration is

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allocated to each separate unit of accounting for each of the nonsoftware deliverables using the relative selling prices of each unit based on the aforementioned selling price hierarchy. Revenue for each separate unit of accounting is recognized when the applicable revenue recognition criteria for each element have been met.

To determine the selling price in multiple-element arrangements, the Company establishes VSOE of the selling price using the price charged for a deliverable when sold separately. The Company also considers specific renewal rates offered to customers for software license updates, product support and hardware systems support, and other services. For nonsoftware multiple-element arrangements, TPE is established by evaluating similar and/or interchangeable competitor products or services in standalone arrangements with similarly situated customers and/or agreements. If the Company is unable to determine the selling price because VSOE or TPE doesn't exist, the Company determines ESP for the purposes of allocating the arrangement by reviewing historical transactions, including transactions whereby the deliverable was sold on a standalone basis and considers several other external and internal factors including, but not limited to, pricing practices including discounting, margin objectives, competition, the geographies in which the Company offers its products and services, the type of customer (i.e., distributor, value added reseller, government agency or direct end user, among others), volume commitments and the stage of the product lifecycle. The determination of ESP considers the Company's pricing model and go-to-market strategy. As the Company's, or its competitors', pricing and go-to-market strategies evolve, the Company may modify its pricing practices in the future, which could result in changes to its determination of VSOE, TPE and ESP. As a result, the Company's future revenue recognition for multiple-element arrangements could differ materially from those in the current period.

In accordance with the authoritative guidance for shipping and handling fees and costs (ASC 605-45), the Company records shipping and handling costs billed to customers as a component of revenues, and shipping and handling costs incurred by the Company for inbound and outbound freight as a component of cost of revenues.

Collections in excess of revenues and deferred revenues represent cash collected from customers in advance of revenue recognition and are recorded in accrued liabilities for obligations within the next 12 months. Amounts for obligations extending beyond 12 months are recorded within other liabilities in the consolidated financial statements.

Contract costs on U.S. government contracts are subject to audit and review by the Defense Contracting Management Agency (DCMA), the Defense Contract Audit Agency (DCAA), and other U.S. government agencies, as well as negotiations with U.S. government representatives. The Company's incurred cost audits by the DCAA have not been concluded for fiscal year 2016. As of March 31, 2017, the DCAA had completed its incurred cost audit for fiscal year 2004 and approved the Company's incurred cost claims for fiscal years 2005 through 2015 without further audit. Although the Company has recorded contract revenues subsequent to fiscal year 2015 based upon an estimate of costs that the Company believes will be approved upon final audit or review, the Company does not know the outcome of any ongoing or future audits or reviews and adjustments, and if future adjustments exceed the Company's estimates, its profitability would be adversely affected. As of March 31, 2017 and 2016, the Company had $1.8 million and $2.5 million, respectively, in contract-related reserves for its estimate of potential refunds to customers for potential cost adjustments on several multi-year U.S. government cost reimbursable contracts (see Note 13).

Advertising costs

In accordance with the authoritative guidance for advertising costs (ASC 720-35), advertising costs are expensed as incurred and included in SG&A expenses. Advertising expenses for fiscal years 2017, 2016 and 2015 were $4.8 million, $12.2 million and $17.0 million, respectively.

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Commissions

The Company compensates third parties based on specific commission programs directly related to certain product and service sales, and these commissions costs are expensed as incurred.

Stock-based compensation

In accordance with the authoritative guidance for share-based payments (ASC 718), the Company measures stock-based compensation cost at the grant date, based on the estimated fair value of the award, and recognizes expense on a straight-line basis over the employee's requisite service period. Stock-based compensation expense is recognized in the consolidated statements of operations and comprehensive income for fiscal years 2017, 2016 and 2015 only for those awards ultimately expected to vest, with forfeitures estimated at the date of grant. The authoritative guidance for share-based payments requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Independent research and development

Independent research and development (IR&D), which is not directly funded by a third party, is expensed as incurred. IR&D expenses consist primarily of salaries and other personnel-related expenses, supplies, prototype materials and other expenses related to research and development programs.

Rent expense, deferred rent obligations and deferred lease incentives

The Company leases all of its facilities under operating leases. Some of these lease agreements contain tenant improvement allowances funded by landlord incentives, rent holidays and rent escalation clauses. The authoritative guidance for leases (ASC 840) requires rent expense to be recognized on a straight-line basis over the lease term. The difference between the rent due under the stated periods of the lease compared to that of the straight-line basis is recorded as deferred rent within other long-term liabilities in the consolidated balance sheets.

For purposes of recognizing landlord incentives and minimum rental expenses on a straight-line basis over the terms of the leases, the Company uses the date that it obtains the legal right to use and control the leased space to begin recording rent expense, which is generally when the Company enters the space and begins to make improvements in preparation of occupying new space. For tenant improvement allowances funded by landlord incentives and rent holidays, the Company records a deferred lease incentive liability in accrued and other long-term liabilities on the consolidated balance sheets and amortizes the deferred liability as a reduction to rent expense on the consolidated statements of operations and comprehensive income (loss) over the term of the lease.

Certain lease agreements contain rent escalation clauses which provide for scheduled rent increases during the lease term or for rental payments commencing at a date other than the date of initial occupancy. Such increasing rent expense is recorded in the consolidated statements of operations and comprehensive income (loss) on a straight-line basis over the lease term.

At March 31, 2017 and 2016, deferred rent included in other long-term liabilities in the Company's consolidated balance sheets was $10.7 million and $8.8 million, respectively.

Income taxes

Accruals for uncertain tax positions are provided for in accordance with the authoritative guidance for accounting for uncertainty in income taxes (ASC 740). The Company may recognize the 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 financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The authoritative guidance for accounting for uncertainty in income taxes also provides guidance on derecognition of income tax assets and liabilities, classification of deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and income tax disclosures. The Company’s policy is to recognize interest expense and penalties related to income tax matters as a component of income tax expense.

A deferred income tax asset or liability is established for the expected future tax consequences resulting from differences in the financial reporting and tax bases of assets and liabilities and for the expected future tax benefit to be derived from tax credit and loss carryforwards. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company’s analysis of the need for a valuation allowance on deferred tax assets considered historical as well as forecasted future operating results. In addition, the Company’s evaluation considered other factors, including the Company’s contractual backlog, the Company’s history of positive earnings, current earnings trends assuming the Company’s satellite services segment continues to grow, taxable income adjusted for certain items, and forecasted income by jurisdiction. The Company also considered the period over which these net deferred tax assets can be realized and the Company’s history of not having federal tax loss carryforwards expire unused.

Earnings per share

Basic earnings per share is computed based upon the weighted average number of common shares outstanding during the period. Diluted earnings per share is based upon the weighted average number of common shares outstanding and potential common stock, if dilutive during the period. Potential common stock includes options granted and restricted stock units awarded under the Company’s equity compensation plan which are included in the earnings per share calculations using the treasury stock method, common shares expected to be issued under the Company’s employee stock purchase plan, and shares potentially issuable under the ViaSat 401(k) Profit Sharing Plan in connection with the Company’s decision to pay a discretionary match in common stock or cash.

Segment reporting

The Company’s reporting segments, namely its satellite services, commercial networks and government systems segments, are primarily distinguished by the type of customer and the related contractual requirements. The Company’s satellite services segment provides satellite-based broadband services to customers, enterprises, commercial airlines and mobile broadband customers. The Company’s commercial networks segment develops and offers advanced satellite and wireless broadband platforms, ground networking equipment, radio frequency and advanced microwave solutions, ASIC chip design, satellite payload development and space-to-earth connectivity systems, some of which are ultimately used by the Company’s satellite services segment. The Company’s government systems segment develops and offers network-centric, Internet Protocol (IP)-based fixed and mobile secure government communications systems, products, services and solutions and provides global mobile broadband service and product offerings. The more regulated government environment is subject to unique contractual requirements and possesses economic characteristics which differ from the satellite services and commercial networks segments. The Company’s segments are determined consistent with the way management currently organizes and evaluates financial information internally for making operating decisions and assessing performance (see Note 15).

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Recent authoritative guidance

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers. ASU 2014-09 requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to a customer. This guidance will replace most existing revenue recognition guidance and will be effective for the Company beginning in fiscal year 2019, including interim periods within that reporting period, based on the FASB decision in July 2015 (ASU 2015-14, Revenue from Contracts with Customers — Deferral of the Effective Date) to delay the effective date of the new revenue recognition standard by one year, but providing entities a choice to adopt the standard as of the original effective date. In March 2016, the FASB issued ASU 2016-08, Principal versus Agent Considerations (Reporting Revenue Gross versus Net), which clarifies the implementation guidance on principal versus agent considerations. In April 2016, the FASB issued ASU 2016-10, Identifying Performance Obligations and Licensing, which clarifies the implementation guidance on identifying performance obligations and the licensing implementation guidance. In May 2016, the FASB issued ASU 2016-12, Narrow-Scope Improvements and Practical Expedients, which provides practical expedient for contract modifications and clarification on assessing the collectability criterion, presentation of sales taxes, measurement date for non-cash consideration and completed contracts at transition. In December 2016, the FASB issued ASU 2016-20, Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers, which provides for correction or improvement to the guidance previously issued in ASU 2014-09. These standards permit the use of either the retrospective or cumulative effect transition method. The Company currently plans to adopt the standard in fiscal year 2019 using the “modified retrospective method.” Under that method, the Company will apply the rules to all contracts existing as of April 1, 2018, recognizing in beginning retained earnings an adjustment for the cumulative effect of the change and providing additional disclosures comparing results to previous accounting standards.

Upon initial evaluation, the Company believes the key changes in the standard that impact its revenue recognition relate to the deferral of commissions in the Company’s satellite service segment, which are currently expensed as incurred under the current standard. The requirement to defer incremental contract acquisition costs and recognize them with the transfer of the related good or service will result in the recognition of a deferred charge on the Company’s consolidated balance sheet and corresponding impact to the Company’s consolidated statement of operations and comprehensive income.

In August 2014, the FASB issued ASU 2014-15, Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern. ASU 2014-15 provides guidance regarding management’s responsibility to evaluate whether there is substantial doubt about an organization’s ability to continue as a going concern and to provide related footnote disclosures. The new standard requires management to perform interim and annual evaluations and sets forth principles for considering the mitigating effect of management’s plans. The standard mandates certain disclosures when conditions give rise to substantial doubt about a company’s ability to continue as a going concern within one year from the financial statement issuance date. This guidance is effective for the Company in fiscal year 2017, with early application permitted. The Company early adopted the guidance, which did not have a material impact on the Company’s consolidated financial statements and disclosures.

In February 2015, the FASB issued ASU 2015-02, Consolidation (ASC 810): Amendments to the Consolidation Analysis. ASU 2015-02 amended the process that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. This guidance became effective for the Company beginning in the first quarter of fiscal year 2017 and did not have a material impact on the Company’s consolidated financial statements and disclosures.

In April 2015, the FASB issued ASU 2015-03, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. In August 2015, the FASB issued ASU 2015-15, which provides additional guidance to ASU 2015-03, which did not address presentation or subsequent measurement of debt issuance costs related to line-of-credit arrangements. ASU 2015-15 noted that staff of the Securities and Exchange Commission (the SEC) would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. This new guidance became effective for the Company beginning in the first quarter of fiscal year 2017 and was applied on a retrospective basis, wherein the consolidated balance sheet of each individual period presented was adjusted to reflect the period-specific effects of applying the new guidance. As a result, the Company reclassed unamortized debt issuance costs related to the Company's 2020 Notes and the Ex-Im Credit Facility from prepaid expenses and other current assets and from other assets (long-term) to senior notes, net, and other long-term debt, net, respectively, within its consolidated balance sheet as of March 31, 2016. In accordance with ASU 2015-15, the Company has elected to continue to present debt issuance costs related to the Revolving Credit Facility as an asset and subsequently amortize the deferred debt issuance costs over the term of the Revolving Credit Facility arrangement.

In April 2015, the FASB issued ASU 2015-05, Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement. ASU 2015-05 provides guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The new guidance does not change the accounting for a customer's accounting for service contracts. This guidance became effective for the Company beginning in the first quarter of fiscal year 2017. The Company elected to adopt this guidance on a prospective basis and the adoption of this guidance did not have a material impact on the Company's consolidated financial statements and disclosures.

In July 2015, the FASB issued ASU 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory. ASU 2015-11 simplifies the guidance on the subsequent measurement of inventory, excluding inventory measured using last-in, first out or the retail inventory method. Under the new standard, in-scope inventory should be measured at the lower of cost and net realizable value. The new standard should be applied prospectively and will become effective for the Company in fiscal year 2018, with early adoption permitted. The Company elected to adopt this guidance on a prospective basis in the fourth quarter of fiscal year 2017 and the adoption of this guidance did not have a material impact on the Company's consolidated financial statements and disclosures.

In September 2015, the FASB issued ASU 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments. ASU 2015-16 requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. Under current GAAP, the acquirer is required to retrospectively apply adjustments made to provisional amounts recognized in a business combination. This guidance became effective for the Company beginning in the first quarter of fiscal year 2017. The Company adopted this guidance on a prospective basis and the guidance did not have a material impact on the Company's consolidated financial statements and disclosures.

In November 2015, the FASB issued ASU 2015-17, Balance Sheet Classification of Deferred Income Taxes, which requires entities to classify deferred tax liabilities and assets as non-current in a classified balance sheet. The new guidance can be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. ASU 2015-17 will become effective for the Company in fiscal year 2018, with early adoption permitted. During the fourth quarter of fiscal year 2016, the Company early adopted this standard retrospectively and reclassified all of its current deferred tax assets to non-current deferred tax assets on its consolidated balance sheets for all periods presented.

In January 2016, the FASB issued ASU 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities (Subtopic 825-10). ASU 2016-01 requires that most equity investments (except those accounted for under the equity method for accounting or those that result in consolidation of the investee) be measured at fair value, with subsequent changes in fair value recognized in net income. The new guidance also impacts financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. The new guidance should be applied by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. ASU 2016-01 will become effective for the Company in fiscal year 2019, with early adoption permitted with certain stipulations. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). ASU 2016-02 requires lessees to recognize most leases on their balance sheets as lease liabilities with corresponding right-of-use assets and eliminates certain real estate-specific provisions. The new guidance will become effective for the Company beginning in the first quarter of fiscal year 2020, with early adoption permitted. ASU 2016-02 will be adopted on a modified retrospective transition basis for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In March 2016, the FASB issued ASU 2016-05, Derivatives and Hedging (Topic 815). ASU 2016-05 clarifies that a change in the counterparty to a derivative instrument, in and of itself, does not require dedesignation of a hedging relationship. The new guidance will become effective for the Company beginning in the first quarter of fiscal year 2018, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In March 2016, the FASB issued ASU 2016-06, Derivatives and Hedging (Topic 815). ASU 2016-06 clarifies the requirements for assessing whether contingent put or call option in a debt instrument qualifies as a separate derivative. The new guidance is required to be applied on a modified retrospective basis to all existing and future debt instruments of the fiscal year for which the amendments are effective. ASU 2016-06 will become effective for the Company beginning in the first quarter of fiscal year 2018, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In March 2016, the FASB issued ASU 2016-07, Investment — Equity Method and Joint Ventures (Topic 323). ASU 2016-07 eliminates the requirement to apply the equity method of accounting retrospectively when a reporting entity obtains significant influence over a previously held investment. ASU 2016-07 will become effective for the Company beginning in the first quarter of fiscal year 2018, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In March 2016, the FASB issued ASU 2016-09, Compensation — Stock Compensation (Topic 718). ASU 2016-09 simplifies various aspects related to how share-based payments are accounted for and presented in the financial statements. The new guidance will become effective for the Company beginning in fiscal year 2018, with early adoption permitted. The Company will adopt this guidance in the first quarter of fiscal year 2018. On a prospective basis the Company will recognize excess tax benefits or deficiencies on vesting or settlement of awards as an income tax benefit or provision within net income (loss) and the related cash flows classified within operating activities. With respect to the forfeiture accounting policy election, the Company expects to elect to account for forfeitures as they occur, adopted on a modified retrospective basis as a cumulative effect adjustment to retained earnings. The Company does not expect the election to account for forfeitures as they occur to have a material impact on the Company's consolidated financial statements and disclosures. See Note 8 for additional information regarding the impact of the adoption of this guidance.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments — Credit Losses (Topic 326). ASU 2016-13 requires credit losses on most financial assets measured at amortized cost and certain other instruments to be measured using an expected credit loss model (referred to as the current expected credit loss (CECL) model). It also modifies the impairment model for available-for-sale debt securities and provides for a simplified accounting model for purchased financial assets with credit deterioration since their origination. The new guidance will become effective for the Company beginning in fiscal year 2021, with early adoption permitted. The new guidance is required to be applied on a modified-retrospective basis. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230). ASU 2016-15 makes eight targeted changes to how companies present and classify certain cash receipts and cash payments in the statement of cash flows. The new standard will become effective for the Company beginning in fiscal year 2019, with early adoption permitted. The new standard will require adoption on a retrospective basis unless it is impracticable to apply, in which case the Company would be required to apply the amendments prospectively as of the earliest date practicable. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In October 2016, the FASB issued ASU 2016-16, Income Taxes (Topic 740). ASU 2016-16 requires that an entity should recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs as opposed to when the asset has been sold to an outside party. The new standard will become effective for the Company beginning in fiscal year 2019, with early adoption permitted. The new standard will require adoption on a modified retrospective basis through cumulative-effect adjustment directly to retained earnings as of the beginning of the period. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In October 2016, the FASB issued ASU 2016-17, Consolidation: Interests Held through Related Parties That Are Under Common Control (Topic 810). The amendments change how a reporting entity that is the single decision maker of a variable interest entity should treat indirect interests in the entity held through related parties that are under common control with the reporting entity when determining whether it is the primary beneficiary of that variable interest entity. The new standard will become effective for the Company beginning in fiscal year 2018, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows: Restricted Cash (Topic 230). The amendments address diversity in practice that exists in the classification and presentation of changes in restricted cash and require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The new standard will become effective for the Company beginning in fiscal year 2019, with early adoption permitted. During the third quarter of fiscal year 2017, the Company early adopted this standard on a retrospective basis. The guidance did not have a material impact on the Company's consolidated financial statements and disclosures.

In January 2017, the FASB issued ASU 2017-01, Business Combinations: Clarifying the Definition of a Business (Topic 805). ASU 2017-01 clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. The new standard will become effective for the Company beginning in fiscal year 2019, with early adoption permitted with limitations. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In January 2017, the FASB issued ASU 2017-04, Intangibles — Goodwill and Other: Simplifying the Test for Goodwill Impairment (Topic 350). ASU 2017-04 removes Step 2 from the goodwill impairment test. The standard will become effective for the Company beginning in fiscal year 2021, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In February 2017, the FASB issued ASU 2017-05, Other Income — Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets. ASU 2017-05 clarifies the scope and accounting of a financial asset that meets the definition of an “in-substance nonfinancial asset” and defines the term “in-substance nonfinancial asset.” ASU 2017-05 also adds guidance for partial sales of nonfinancial assets. The standard will become effective for the Company in fiscal year 2019, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In March 2017, the FASB issued ASU 2017-08, Receivables — Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities. ASU 2017-08 amends the amortization period for certain callable debt securities held at a premium. The amendments require the premium to be amortized to the earliest call date. The standard will become effective for the Company beginning in fiscal year 2020, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In May 2017, the FASB issued ASU 2017-09, Compensation — Stock Compensation (Topic 718): Scope of Modification Accounting. ASU 2017-09 provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. The standard will become effective for the Company beginning in fiscal year 2019, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 2 — Composition of Certain Balance Sheet Captions

	As of March 31, 2017	As of March 31, 2016
	(In thousands)	
Accounts receivable, net:		
Billed	$ 145,626	$ 146,309
Unbilled	119,565	141,568
Allowance for doubtful accounts	(1,470)	(1,153)
	$ 263,721	$ 286,724
Inventories:		
Raw materials	$ 56,096	$ 46,757
Work in process	25,820	27,200
Finished goods	81,285	71,204
	$ 163,201	$ 145,161
Prepaid expenses and other current assets:		
Prepaid expenses	$ 51,856	$ 41,784
Other	5,980	5,799
	$ 57,836	$ 47,583
Satellites, net:		
Satellites (estimated useful life of 10-17 years)	$ 559,380	$ 559,094
Capital lease of satellite capacity — Anik F2 (estimated useful life of 10 years)	99,090	99,090
Satellites under construction	776,354	515,696
	1,434,824	1,173,880
Less: accumulated depreciation and amortization	(326,554)	(275,683)
	$ 1,108,270	$ 898,197
Property and equipment, net:		
Equipment and software (estimated useful life of 2-7 years)	$ 679,008	$ 568,663
CPE leased equipment (estimated useful life of 4-5 years)	271,917	260,409
Furniture and fixtures (estimated useful life of 7 years)	30,539	25,501
Leasehold improvements (estimated useful life of 2-17 years)	80,727	71,895
Building (estimated useful life of 24 years)	8,923	8,923
Land	14,573	41,960
Construction in progress	116,902	73,535
	1,202,589	1,050,886
Less: accumulated depreciation	(661,981)	(563,976)
	$ 540,608	$ 486,910
Other assets:		
Investment in unconsolidated affiliate	$ 141,894	$ —
Deferred income taxes	134,764	134,721
Capitalized software costs, net	203,686	163,061
Patents, orbital slots and other licenses, net	16,500	16,900
Other	32,522	25,323
	$ 529,366	$ 340,005
Accrued liabilities:		
Collections in excess of revenues and deferred revenues	$ 76,682	$ 64,624
Accrued employee compensation	41,691	35,056
Accrued vacation	33,214	28,646
Warranty reserve, current portion	7,796	7,867
Current portion of other long-term debt	288	274
Other	65,576	47,877
	$ 225,247	$ 184,344
Other liabilities:		
Deferred revenue, long-term portion	$ 4,617	$ 5,470
Deferred rent, long-term portion	10,743	8,808
Warranty reserve, long-term portion	3,262	3,567
Satellite performance incentives obligation, long-term portion	19,164	19,514
Deferred income taxes, long-term	1,936	12
Other	3,000	—
	$ 42,722	$ 37,371

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 3 — Fair Value Measurements

In accordance with the authoritative guidance for financial assets and liabilities measured at fair value on a recurring basis (ASC 820), the Company prioritizes the inputs used to measure fair value from market-based assumptions to entity specific assumptions:

- Level 1 — Inputs based on quoted market prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Inputs which reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. The inputs are unobservable in the market and significant to the instrument's valuation.

The following tables present the Company's hierarchy for its assets and liabilities measured at fair value on a recurring basis as of March 31, 2017 and assets measured at fair value on a recurring basis as of March 31, 2016. The Company had no liabilities measured at fair value on a recurring basis as of March 31, 2016:

	Fair Value as of March 31, 2017	Level 1	Level 2	Level 3
		(In thousands)		
Assets:				
Cash equivalents	$ 2,003	$2,003	$ —	$ —
Total assets measured at fair value on a recurring basis	$ 2,003	$2,003	$ —	$ —
Liabilities:				
Foreign currency forward contracts	$ 96	$ —	$ 96	$ —
Total liabilities measured at fair value on a recurring basis	$ 96	$ —	$ 96	$ —

	Fair Value as of March 31, 2016	Level 1	Level 2	Level 3
		(In thousands)		
Assets:				
Cash equivalents	$ 2,003	$2,003	$ —	$ —
Foreign currency forward contracts	196	—	196	—
Total assets measured at fair value on a recurring basis	$ 2,199	$2,003	$ 196	$ —

The following section describes the valuation methodologies the Company uses to measure financial instruments at fair value:

Cash equivalents — The Company's cash equivalents consist of money market funds. Money market funds are valued using quoted prices for identical assets in an active market with sufficient volume and frequency of transactions (Level 1).

Foreign currency forward contracts — The Company uses derivative financial instruments to manage foreign currency risk relating to foreign exchange rates. The Company does not use these instruments for speculative or trading purposes. The Company's objective is to reduce the risk to earnings and cash flows associated with changes in foreign currency exchange rates. Derivative instruments are recognized as either assets or liabilities in the accompanying consolidated financial statements and are measured at fair value. Gains and losses resulting from changes in the fair values of those derivative instruments are recorded to earnings or other comprehensive income (loss) depending on the use of the derivative instrument and whether it qualifies for hedge accounting. The Company's foreign currency forward contracts are valued using standard calculations/models that are primarily based on observable inputs, such as foreign currency exchange rates, or can be corroborated by observable market data (Level 2).

Long-term debt — The Company's long-term debt consists of borrowings under its Revolving Credit Facility and Ex-Im Credit Facility, as well as $575.0 million in aggregate principal amount of 2020 Notes. Long-term debt related to the Revolving Credit Facility is reported at the outstanding principal amount of borrowings, while long-term debt related to the Ex-Im Credit Facility and 2020 Notes is reported at amortized cost. However, for disclosure purposes, the Company is required to measure the fair value of outstanding debt on a recurring basis. As of March 31, 2017 and 2016, the fair value of the Company's outstanding long-term debt related to the 2020 Notes was determined using quoted prices in active markets (Level 1) and was $587.9 million and $597.3 million, respectively. The fair value of the Company's long-term debt related to the Revolving Credit Facility approximates its carrying amount due to its variable interest rate, which approximates a market interest rate. As of March 31, 2017 and 2016, the fair value of the Company's long-term debt related to the Ex-Im Credit Facility was determined based on a discounted cash flow analysis using observable market interest rates for instruments with similar terms (Level 2) and was approximately $297.2 million and $219.9 million, respectively.

Satellite performance incentives obligation — The Company's contract with the manufacturer of ViaSat-1 requires the Company to make monthly in-orbit satellite performance incentive payments, including interest at 7.0%, over a 15-year period from December 2011 to December 2026, subject to the continued satisfactory performance of the satellite. The Company recorded the net present value of these expected future payments as a liability and as a component of the cost of the satellite. However, for disclosure purposes, the Company is required to measure the fair value of outstanding satellite performance incentives on a recurring basis. The fair value of the Company's outstanding satellite performance incentives is estimated to approximate their carrying value based on current rates (Level 2). As of each of March 31, 2017 and 2016, the Company's estimated satellite performance incentives obligation and accrued interest was $21.8 million and $22.0 million, respectively.

Note 4 — Goodwill and Acquired Intangible Assets

During fiscal year 2017, the Company's goodwill increased by $2.8 million, which reflected $3.8 million of goodwill acquired in connection with the acquisition of Arconics during the third quarter of fiscal year 2017, which was recorded in the Company's satellite services segment. The increase was partially offset by the effects of foreign currency translation recorded within all three of the Company's segments. During fiscal year 2016, the Company's goodwill decreased by an insignificant amount related to the effects of foreign currency translation recorded mainly within the Company's government systems and commercial networks segments.

During fiscal year 2017, $19.3 million of the increase in other acquired intangibles related to the acquisition of Arconics recorded during the third quarter of fiscal year 2017 in the Company's satellite services segment. All other amounts recorded related to the acquisition of Arconics were not significant. During fiscal year 2016, $7.7 million of the increase in the Company's other acquired intangible assets related to the acquisition of Engreen recorded within the Company's commercial networks segment. All other amounts recorded related to the acquisition of Engreen were not significant. Other acquired intangible assets are amortized using the straight-line method over their estimated useful lives of two to ten years. Amortization expense related to other acquired intangible assets was $10.8 million, $16.4 million and $18.0 million for the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015, respectively.

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The expected amortization expense of amortizable acquired intangible assets may change due to the effects of foreign currency fluctuations as a result of international businesses acquired. Expected amortization expense for acquired intangible assets for each of the following periods is as follows:

	Amortization (In thousands)
Expected for fiscal year 2018	$ 11,733
Expected for fiscal year 2019	9,076
Expected for fiscal year 2020	7,312
Expected for fiscal year 2021	4,993
Expected for fiscal year 2022	3,171
Thereafter	5,392
	$ 41,677

The allocation of the other acquired intangible assets and the related accumulated amortization as of March 31, 2017 and 2016 is as follows:

	Weighted Average Useful Life	As of March 31, 2017			As of March 31, 2016		
		Total	Accumulated Amortization	Net book Value	Total	Accumulated Amortization	Net book Value
	(In years)	(In thousands)					
Technology	6	$ 87,592	$ (62,749)	$24,843	$ 74,848	$ (59,921)	$14,927
Contracts and customer relationships	7	103,034	(89,083)	13,951	99,499	(83,928)	15,571
Satellite co-location rights	9	8,600	(6,743)	1,857	8,600	(5,818)	2,782
Trade name	3	5,940	(5,940)	—	5,940	(5,918)	22
Other	6	9,925	(8,899)	1,026	8,717	(8,415)	302
Total other acquired intangible assets		$215,091	$ (173,414)	$41,677	$197,604	$ (164,000)	$33,604

Note 5 — Senior Notes and Other Long-Term Debt

Total long-term debt consisted of the following as of March 31, 2017 and 2016:

	As of March 31, 2017	As of March 31, 2016
	(In thousands)	
Senior Notes		
2020 Notes	$575,000	$575,000
Unamortized premium and debt issuance costs on the 2020 Notes, net (2)	380	304
Total senior notes, net	575,380	575,304
Less: current portion of the senior notes	—	—
Total senior notes long-term, net	575,380	575,304
Other Long-Term Debt		
Revolving Credit Facility	—	180,000
Ex-Im Credit Facility (1)	304,134	218,157
Unamortized discount and debt issuance costs on the Ex-Im Credit Facility (1) (2)	(31,031)	(28,221)
Other	288	562
Total other long-term debt, net	273,391	370,498
Less: current portion of other long-term debt, net	288	274
Other long-term debt, net	273,103	370,224
Total debt, net	848,771	945,802
Less: current portion	288	274
Long-term debt, net	$848,483	$945,528

(1) As of March 31, 2017, included in Ex-Im Credit Facility and in unamortized discount and debt issuance costs on the Ex-Im Credit Facility was $29.5 million and $23.0 million, respectively, relating to the exposure fees accrued as of such date expected to be financed under the Ex-Im Credit Facility. As of March 31, 2016, included in Ex-Im Credit Facility and in unamortized discount and debt issuance costs on the Ex-Im Credit Facility was $21.0 million and $18.7 million, respectively, relating to the exposure fees accrued as of such date expected to be financed under the Ex-Im Credit Facility.

(2) During the first quarter of fiscal year 2017, the Company adopted ASU 2015-03. The retrospective basis adoption of this guidance resulted in reclassification of unamortized debt issuance costs as a direct deduction from the carrying amount of the Company's 2020 Notes and the Ex-Im Credit Facility, respectively, consistent with unamortized discount, as of March 31, 2016.

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The estimated aggregate amounts and timing of payments on the Company's long-term debt obligations as of March 31, 2017 for the next five fiscal years and thereafter were as follows (excluding the effects of premium accretion on the 2020 Notes and discount accretion under the Ex-Im Credit Facility):

For the Fiscal Years Ending	(In thousands)
2018	$ 288
2019	38,017
2020	38,017
2021	613,017
2022	38,017
Thereafter	152,066
	879,422
Plus: unamortized premium (discount)	(30,651)
Total	$ 848,771

Revolving Credit Facility

As of March 31, 2017, the Revolving Credit Facility provided an $800.0 million revolving line of credit (including up to $150.0 million of letters of credit), with a maturity date of May 24, 2021 (or March 16, 2020, if more than $200.0 million of the Company's 2020 Notes are then outstanding and certain conditions are met).

Borrowings under the Revolving Credit Facility bear interest, at the Company's option, at either (1) the highest of the Federal Funds rate plus 0.50%, the Eurodollar rate plus 1.00%, or the administrative agent's prime rate as announced from time to time, or (2) the Eurodollar rate, plus, in the case of each of (1) and (2), an applicable margin that is based on the Company's total leverage ratio. The Company has capitalized certain amounts of interest expense on the Revolving Credit Facility in connection with the construction of various assets during the construction period. The Revolving Credit Facility is required to be guaranteed by certain significant domestic subsidiaries of the Company (as defined in the Revolving Credit Facility) and secured by substantially all of the Company's and any such subsidiaries' assets. As of March 31, 2017, none of the Company's subsidiaries guaranteed the Revolving Credit Facility.

The Revolving Credit Facility contains financial covenants regarding a maximum total leverage ratio and a minimum interest coverage ratio. In addition, the Revolving Credit Facility contains covenants that restrict, among other things, the Company's ability to sell assets, make investments and acquisitions, make capital expenditures, grant liens, pay dividends and make certain other restricted payments.

The Company was in compliance with its financial covenants under the Revolving Credit Facility as of March 31, 2017. At March 31, 2017, the Company had no outstanding borrowings under the Revolving Credit Facility and $38.6 million outstanding under standby letters of credit, leaving borrowing availability under the Revolving Credit Facility as of March 31, 2017 of $761.4 million.

Ex-Im Credit Facility

As of March 31, 2017, the Ex-Im Credit Facility provided a $386.7 million senior secured direct loan facility, $343.1 million of which can be used to finance up to 85% of the costs of construction, launch and insurance of the ViaSat-2 satellite and related goods and services (including costs incurred on or after September 18, 2012), with the remainder used to finance the total exposure fees incurred under the Ex-Im Credit Facility of up to $43.6 million (depending on the total amount of financing borrowed under the Ex-Im Credit Facility). On May 17, 2017, subsequent to fiscal year end, the Company reduced the size of the Ex-Im Credit Facility by $24.3 million from

$386.7 million to $362.4 million in light of the April 2017 amendment to the Boeing satellite construction agreement described in Note 12 below (which replaced the remaining milestone payments for the satellite under the agreement with approximately $21.0 million of in-orbit satellite performance incentive payments, excluding interest, payable monthly over a nine-year period commencing one month after the completion of in-orbit testing, subject to the continued satisfactory performance of the satellite) and certain project cost reductions.

Borrowings under the Ex-Im Credit Facility bear interest at a fixed rate of 2.38% and are required to be repaid in 16 approximately equal semi-annual installments, commencing approximately six months after the in-orbit acceptance date of the ViaSat-2 satellite (or, if earlier, on April 15, 2018), with a maturity date of October 15, 2025. Exposure fees of $6.0 million were incurred in connection with the initial borrowing under the Ex-Im Credit Facility, with the remaining exposure fees payable by the in-orbit acceptance date for ViaSat-2. Exposure fees under the Ex-Im Credit Facility are amortized using the effective interest rate method. The effective interest rate on the Company's outstanding borrowings under the Ex-Im Credit Facility, which takes into account estimated timing and amount of borrowings, exposure fees, debt issuance costs and other fees, was estimated to be between 4.4% and 4.5% as of March 31, 2017. The Ex-Im Credit Facility is guaranteed by ViaSat and is secured by first-priority liens on the ViaSat-2 satellite and related assets, as well as a pledge of the capital stock of the borrower under the facility.

The Ex-Im Credit Facility contains financial covenants regarding ViaSat's maximum total leverage ratio and minimum interest coverage ratio. In addition, the Ex-Im Credit Facility contains covenants that restrict, among other things, the Company's ability to sell assets, make investments and acquisitions, make capital expenditures, grant liens, pay dividends and make certain other restricted payments.

The Company was in compliance with its financial covenants under the Ex-Im Credit Facility as of March 31, 2017. At March 31, 2017, the Company had $274.6 million in principal amount of outstanding borrowings under the Ex-Im Credit Facility and had accrued $29.5 million in completion exposure fees expected to be financed under the Ex-Im Credit Facility. As of March 31, 2017, the undrawn commitment under the Ex-Im Credit Facility was $82.5 million (excluding $29.5 million of accrued completion exposure fees), of which $74.4 million was available to finance ViaSat-2 related costs once incurred (prior to giving effect to the $24.3 million reduction in the size of the Ex-Im Credit Facility subsequent to fiscal year end described above). Borrowings under the Ex-Im Credit Facility were issued with a discount of $36.6 million (comprising the initial $6.0 million exposure fee, the completion exposure fees accrued as of March 31, 2017 and other customary fees). Borrowings under the Ex-Im Credit Facility are recorded as long-term debt, net of unamortized discount and debt issuance costs, in the Company's consolidated financial statements. The discount and deferred financing cost associated with the issuance of the borrowings under the Ex-Im Credit Facility is amortized to interest expense on an effective interest rate basis over the term of the borrowings under the Ex-Im Credit Facility.

Senior Notes due 2020

In February 2012, the Company issued $275.0 million in principal amount of 2020 Notes in a private placement to institutional buyers, which were exchanged in August 2012 for substantially identical 2020 Notes that had been registered with the SEC. These initial 2020 Notes were issued at face value and are recorded as long-term debt in the Company's consolidated financial statements. In October 2012, the Company issued an additional $300.0 million in principal amount of 2020 Notes in a private placement to institutional buyers at an issue price of 103.50% of the principal amount, which were exchanged in January 2013 for substantially identical 2020 Notes that had been registered with the SEC. The 2020 Notes are all treated as a single class. The 2020 Notes bear interest at the rate of 6.875% per year, payable semi-annually in cash in arrears, which interest payments commenced in June 2012. Debt issuance costs associated with the issuance of the 2020 Notes are amortized to interest expense on a straight-line basis over the term of the 2020 Notes, the results of which are not materially different from the effective interest rate basis. The $10.5 million premium the Company received in connection with the issuance of the additional 2020 Notes is recorded as long-term debt in the Company's consolidated financial statements and is being amortized as a reduction to interest expense on an effective interest rate basis over the term of those 2020 Notes. The 2020 Notes are recorded as long-term debt, net of unamortized premium and debt issuance costs, in the Company's consolidated financial statements.

The 2020 Notes are required to be guaranteed on an unsecured senior basis by each of the Company's existing and future subsidiaries that guarantees the Revolving Credit Facility. As of March 31, 2017, none of the Company's subsidiaries guaranteed the 2020 Notes. The 2020 Notes are the Company's general senior unsecured obligations and rank equally in right of payment with all of the Company's existing and future unsecured unsubordinated debt. The 2020 Notes are effectively junior in right of payment to the Company's existing and future secured debt, including under the Credit Facilities (to the extent of the value of the assets securing such debt), are structurally subordinated to all existing and future liabilities (including trade payables) of the Company's subsidiaries that do not guarantee the 2020 Notes, and are senior in right of payment to all of their existing and future subordinated indebtedness.

The indenture governing the 2020 Notes limits, among other things, the Company's and its restricted subsidiaries' ability to: incur, assume or guarantee additional debt; issue redeemable stock and preferred stock; pay dividends, make distributions or redeem or repurchase capital stock; prepay, redeem or repurchase subordinated debt; make loans and investments; grant or incur liens; restrict dividends, loans or asset transfers from restricted subsidiaries; sell or otherwise dispose of assets; enter into transactions with affiliates; reduce the Company's satellite insurance; and consolidate or merge with, or sell substantially all of their assets to, another person.

The 2020 Notes may be redeemed, in whole or in part, at any time during the 12 months beginning on June 15, 2016 at a redemption price of 103.438%, during the 12 months beginning on June 15, 2017 at a redemption price of 101.719%, and at any time on or after June 15, 2018 at a redemption price of 100%, in each case plus accrued and unpaid interest, if any, thereon to the redemption date.

In the event a change of control occurs (as defined in the indenture), each holder will have the right to require the Company to repurchase all or any part of such holder's 2020 Notes at a purchase price in cash equal to 101% of the aggregate principal amount of the 2020 Notes repurchased, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Note 6 — Common Stock and Stock Plans

In February 2016, the Company filed a universal shelf registration statement with the SEC for the future sale of an unlimited amount of common stock, preferred stock, debt securities, depositary shares, warrants, and rights. The securities may be offered from time to time, separately or together, directly by the Company, by selling security holders, or through underwriters, dealers or agents at amounts, prices, interest rates and other terms to be determined at the time of the offering.

In November 1996, the Company adopted the 1996 Equity Participation Plan (the Equity Participation Plan). The Equity Participation Plan provides for the grant to executive officers, other key employees, consultants and non-employee directors of the Company a broad variety of stock-based compensation alternatives such as nonqualified stock options, incentive stock options, restricted stock units and performance awards. From November 1996 to September 2015 through various amendments of the Equity Participation Plan, the Company increased the maximum number of shares reserved for issuance under this plan to 25,200,000 shares. The Company believes that such awards better align the interests of its employees with those of its stockholders. Shares of the Company's common stock granted under the Equity Participation Plan in the form of stock options or stock appreciation right are counted against the Equity Participation Plan share reserve on a one for one basis. Shares of the Company's common stock granted under the Equity Participation Plan as an award other than as an option or as a stock appreciation right with a per share purchase price lower than 100% of fair market value on the date of grant are counted against the Equity Participation Plan share reserve as two shares for each share of common stock prior to September 22, 2010 and subsequent to September 19, 2012, and as 2.65 shares for each share of common stock during the period beginning on September 22, 2010 and ending on September 19, 2012. Restricted stock units are granted to eligible employees and directors and represent rights to receive shares of common stock at a future date.

In November 1996, the Company adopted the ViaSat, Inc. Employee Stock Purchase Plan (the Employee Stock Purchase Plan) to assist employees in acquiring a stock ownership interest in the Company and to encourage them to remain in the employment of the Company. The Employee Stock Purchase Plan is intended to qualify under Section 423 of the Internal Revenue Code. In September 2015, the Company amended the Employee Stock Purchase Plan to increase the maximum number of shares reserved for issuance under this plan from 2,550,000 shares to 2,850,000 shares. To facilitate participation for employees located outside of the United States in light of non-U.S. law and other considerations, the amended Employee Stock Purchase Plan also provides for the grant of purchase rights that are not intended to be tax-qualified. The Employee Stock Purchase Plan permits eligible employees to purchase common stock at a discount through payroll deductions during specified six-month offering periods. No employee may purchase more than $25,000 worth of stock in any calendar year. The price of shares purchased under the Employee Stock Purchase Plan is equal to 85% of the fair market value of the common stock on the first or last day of the offering period, whichever is lower.

Total stock-based compensation expense recognized in accordance with the authoritative guidance for share-based payments was as follows:

	Fiscal Years Ended		
	March 31, 2017	March 31, 2016	April 3, 2015
		(In thousands)	
Stock-based compensation expense before taxes	$ 55,775	$ 47,510	$ 39,353
Related income tax benefits	(21,057)	(18,089)	(14,889)
Stock-based compensation expense, net of taxes	$ 34,718	$ 29,421	$ 24,464

For fiscal years 2017, 2016 and 2015 the Company recorded no incremental tax benefits from stock options exercised and restricted stock unit awards vesting as the excess tax benefit from stock options exercised and restricted stock unit awards vesting increased the Company's net operating loss carryforward.

The Company has no awards with market or performance conditions. The compensation cost that has been charged against income for the Equity Participation Plan under the authoritative guidance for share-based payments was $52.6 million, $45.2 million and $37.2 million, and for the Employee Stock Purchase Plan was $3.1 million, $2.3 million and $2.1 million, for the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015, respectively. The Company capitalized $6.6 million, $5.6 million and $2.5 million of stock-based compensation expense as a part of the cost for software development for resale included in other assets and as a part of the equipment and software for the internal use included in property, equipment and satellites for fiscal years 2017, 2016 and 2015, respectively.

As of March 31, 2017, total unrecognized compensation cost related to unvested stock-based compensation arrangements granted under the Equity Participation Plan (including stock options and restricted stock units) and the Employee Stock Purchase Plan was $158.9 million and $0.9 million, respectively. These costs are expected to be recognized over a weighted average period of 2.7 years and 2.8 years, for stock options and restricted stock units, respectively, under the Equity Participation Plan and less than six months for the Employee Stock Purchase Plan.

Stock options and employee stock purchase plan. The Company's employee stock options typically have a simple four-year vesting schedule and a six year contractual term. The weighted average estimated fair value of employee stock options granted and employee stock purchase plan shares issued during fiscal year 2017 was $23.62 and $16.27 per share, respectively, during fiscal year 2016 was $20.35 and $13.37 per share, respectively, and during fiscal year 2015 was $22.22 and $14.18 per share, respectively, using the Black-Scholes model with the following weighted average assumptions (annualized percentages):

	Employee Stock Options			Employee Stock Purchase Plan		
	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Volatility	33.4%	32.9%	34.0%	31.1%	24.6%	30.6%
Risk-free interest rate	1.7%	1.7%	1.7%	0.5%	0.3%	0.1%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expected life	5.5 years	5.5 years	5.5 years	0.5 years	0.5 years	0.5 years

The Company's expected volatility is a measure of the amount by which its stock price is expected to fluctuate over the expected term of the stock-based award. The estimated volatilities for stock options are based on the historical volatility calculated using the daily stock price of the Company's stock over a recent historical period equal to the expected term. The risk-free interest rate that the Company uses in determining the fair value of its stock-based awards is based on the implied yield on U.S. Treasury zero-coupon issues with remaining terms equivalent to the expected term of its stock-based awards. The expected term or life of employee stock options represents the expected period of time from the date of grant to the estimated date that the stock options under the Company's Equity Participation Plan would be fully exercised. The expected term assumption is estimated based primarily on the options' vesting terms and remaining contractual life and employees' expected exercise and post-vesting employment termination behavior.

A summary of employee stock option activity for fiscal year 2017 is presented below:

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term in Years	Aggregate Intrinsic Value (In thousands)
Outstanding at March 31, 2016	1,833,437	$ 54.07		
Options granted	463,000	70.09		
Options canceled	(19,125)	64.66		
Options exercised	(273,050)	44.37		
Outstanding at March 31, 2017	2,004,262	$ 58.99	3.53	$ 13,283
Vested and exercisable at March 31, 2017	1,011,200	$ 52.19	2.31	$ 12,147

The total intrinsic value of stock options exercised during fiscal years 2017, 2016 and 2015 was $8.3 million, $14.5 million and $28.9 million, respectively. All options issued under the Company's stock option plans have an exercise price equal to the fair market value of the Company's stock on the date of the grant.

Restricted stock units. Restricted stock units represent a right to receive shares of common stock at a future date determined in accordance with the participant's award agreement. There is no exercise price and no

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monetary payment required for receipt of restricted stock units or the shares issued in settlement of the award. Instead, consideration is furnished in the form of the participant's services to the Company. Restricted stock units generally vest over four years. Compensation cost for these awards is based on the fair value on the date of grant and recognized as compensation expense on a straight-line basis over the requisite service period. For fiscal years 2017, 2016 and 2015, the Company recognized $44.9 million, $38.4 million and $31.4 million, respectively, in stock-based compensation expense related to these restricted stock unit awards.

The per unit weighted average grant date fair value of restricted stock units granted during fiscal years 2017, 2016 and 2015 was $69.99, $61.81 and $65.20, respectively. A summary of restricted stock unit activity for fiscal year 2017 is presented below:

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value per Share
Outstanding at March 31, 2016	2,369,339	$ 59.39
Awarded	1,195,961	69.99
Forfeited	(93,330)	66.01
Released	(792,616)	57.44
Outstanding at March 31, 2017	2,679,354	$ 64.47
Vested and deferred at March 31, 2017	148,503	$ 38.19

The total fair value of shares vested related to restricted stock units during the fiscal years 2017, 2016 and 2015 was $58.4 million, $43.8 million and $30.6 million, respectively.

Note 7 — Shares Used In Computing Diluted Net Income Per Share

	Fiscal Years Ended		
	March 31, 2017	March 31, 2016	April 3, 2015
	(In thousands)		
Weighted average:			
Common shares outstanding used in calculating basic net income per share attributable to ViaSat, Inc. common stockholders	52,318	48,464	47,139
Options to purchase common stock as determined by application of the treasury stock method	246	281	475
Restricted stock units to acquire common stock as determined by application of the treasury stock method	658	533	515
Potentially issuable shares in connection with certain terms of the ViaSat 401(k) Profit Sharing Plan and Employee Stock Purchase Plan	174	167	156
Shares used in computing diluted net income per share attributable to ViaSat, Inc. common stockholders	53,396	49,445	48,285

Antidilutive shares relating to stock options excluded from the calculation comprised 582,315, 810,231 and 451,038 shares for the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015, respectively. Antidilutive shares relating to restricted stock units excluded from the calculation comprised 24, 4,138 and 285,481 for the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015, respectively.

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Note 8 — Income Taxes

The components of income before income taxes by jurisdiction are as follows:

	Fiscal Years Ended		
	March 31, 2017	March 31, 2016	April 3, 2015
	(In thousands)		
United States	$29,649	$20,280	$58,185
Foreign	(4,265)	(2,683)	(4,467)
	$25,384	$17,597	$53,718

The provision for (benefit from) income taxes includes the following:

	Fiscal Years Ended		
	March 31, 2017	March 31, 2016	April 3, 2015
	(In thousands)		
Current tax (benefit) provision			
Federal	$ 2,041	$ 132	$ (216)
State	1,167	543	1,507
Foreign	600	148	115
	3,808	823	1,406
Deferred tax (benefit) provision			
Federal	4,410	2,266	14,546
State	(4,509)	(7,090)	(1,477)
Foreign	(92)	(172)	(648)
	(191)	(4,996)	12,421
Total provision for (benefit from) income taxes	$ 3,617	$ (4,173)	$13,827

Significant components of the Company's net deferred tax assets are as follows:

	As of	
	March 31, 2017	March 31, 2016
	(In thousands)	
Deferred tax assets:		
Net operating loss carryforwards	$ 202,752	$ 222,332
Tax credit carryforwards	145,369	129,333
Other	74,962	64,459
Valuation allowance	(17,728)	(17,089)
Total deferred tax assets	405,355	399,035
Deferred tax liabilities:		
Intangible assets	(98,099)	(82,295)
Property, equipment and satellites	(174,428)	(182,030)
Total deferred tax liabilities	(272,527)	(264,325)
Net deferred tax assets	$ 132,828	$ 134,710

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A reconciliation of the provision for (benefit from) income taxes to the amount computed by applying the statutory federal income tax rate to income before income taxes is as follows:

	Fiscal Years Ended		
	March 31, 2017	March 31, 2016	April 3, 2015
		(In thousands)	
Tax provision at federal statutory rate	$ 8,885	$ 6,167	$ 18,808
State tax provision, net of federal benefit	1,681	1,197	4,014
Tax credits, net of valuation allowance	(15,121)	(16,016)	(14,055)
Non-deductible compensation	2,659	2,457	1,966
Non-deductible transaction costs	645	30	154
Non-deductible meals and entertainment	794	751	759
Stock-based compensation	886	551	478
Change in state effective tax rate	417	(354)	508
Foreign effective tax rate differential, net of valuation allowance	2,391	859	898
Other	380	185	297
Total provision for (benefit from) income taxes	$ 3,617	$ (4,173)	$ 13,827

As of March 31, 2017, the Company had federal and state research credit carryforwards of $109.6 million and $113.8 million, respectively, which begin to expire in fiscal year 2026 and fiscal year 2018, respectively. As of March 31, 2017, the Company had alternative minimum tax (AMT) and foreign tax credit (FTC) carryforwards of $0.4 million and $1.3 million, respectively. The AMT credit does not expire and the FTC begins to expire in fiscal year 2021. As of March 31, 2017, the Company had federal and state net operating loss carryforwards of $673.6 million and $556.0 million, respectively, which begin to expire in fiscal year 2020 and fiscal year 2018, respectively.

The Company recognizes excess tax benefits associated with share-based compensation to stockholders' equity only when realized. When assessing whether excess tax benefits relating to share-based compensation have been realized, the Company follows the with-and-without approach excluding any indirect effects of the excess tax deductions. Under this approach, excess tax benefits related to share-based compensation are not deemed to be realized until after the utilization of all other tax benefits available to the Company. During fiscal year 2017, the Company did not realize any excess tax benefits. As of March 31, 2017, the Company had $58.7 million of unrealized excess tax benefits associated with share-based compensation. In accordance with ASU 2016-09, these excess tax benefits not previously recognized are recorded and simultaneously reviewed for realization, on a modified retrospective basis through a cumulative effect adjustment to retained earnings as of the beginning of the first quarter of fiscal year 2018. On a prospective basis, the Company will recognize excess tax benefits or deficiencies on vesting or settlement of awards as an income tax benefit or provision within net income (loss) and the related cash flows classified within operating activities.

In accordance with the authoritative guidance for income taxes (ASC 740), net deferred tax assets are reduced by a valuation allowance if, based on all the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. Future realization of existing deferred tax assets ultimately depends on future profitability and the existence of sufficient taxable income of appropriate character (for example, ordinary income versus capital gains) within the carryforward period available under tax law. In the event that the Company's estimate of taxable income is less than that required to utilize the full amount of any deferred tax asset, a valuation allowance is established which would cause a decrease to income in the period such determination is made. A valuation allowance of $17.7 million at March 31, 2017 and $17.1 million at March 31,

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2016 has been established relating to state net operating loss carryforwards and research credit carryforwards that, based on management's estimate of future taxable income attributable to certain states and generation of additional research credits, are considered more likely than not to expire unused.

The following table summarizes the activity related to the Company's unrecognized tax benefits:

	As of		
	March 31, 2017	March 31, 2016	April 3, 2015
		(In thousands)	
Balance, beginning of fiscal year	$45,080	$41,769	$37,395
(Decrease) increase related to prior year tax positions	(421)	(586)	524
Increases related to current year tax positions	4,407	3,897	3,897
Statute expirations	—	—	(47)
Balance, end of fiscal year	$49,066	$45,080	$41,769

Of the total unrecognized tax benefits at March 31, 2017, $40.2 million would reduce the Company's annual effective tax rate if recognized, subject to valuation allowance consideration.

In the next 12 months it is reasonably possible that the amount of unrecognized tax benefits will not change significantly.

The Company is subject to periodic audits by domestic and foreign tax authorities. By statute, the Company's U.S. federal income tax returns are subject to examination by the Internal Revenue Service ("IRS") for fiscal years 2014 through 2016. Additionally, tax credit carryovers that were generated in prior years and utilized in these years may also be subject to examination by the IRS. With few exceptions, fiscal years 2013 to 2016 remain open to examination by state and foreign taxing jurisdictions. The Company believes that it has appropriate support for the income tax positions taken on its tax returns and its accruals for tax liabilities are adequate for all open years based on an assessment of many factors, including past experience and interpretations. The Company's policy is to recognize interest expense and penalties related to income tax matters as a component of income tax expense. There were no accrued interest or penalties associated with uncertain tax positions as of March 31, 2017 and 2016.

Note 9 — Strategic Partnering Arrangement

On March 3, 2017, the Company consummated its strategic partnering arrangement with Eutelsat for the ownership and operation of satellite broadband infrastructure and equipment, and provision of satellite-based broadband internet services in the European region. At the closing of the transaction, Eutelsat contributed and transferred assets relating to its existing wholesale satellite broadband business (including its KA-SAT satellite) to Euro Infrastructure Co. in exchange for the issuance of new shares in such subsidiary, and immediately following such contribution and issuance, the Company purchased 49% of the issued shares of Euro Infrastructure Co. from Eutelsat for cash consideration of $139.5 million. The Company's total net cash outlay for our investment in Euro Infrastructure Co., including approximately $2.4 million of transaction costs, was approximately $141.9 million. Also at the closing, Eutelsat purchased 49% of the issued shares of a subsidiary of the Company, Euro Retail Co. for an immaterial amount. Under the strategic partnering arrangement, Euro Infrastructure Co. owns and operates the KA-SAT satellite and related assets and offers wholesale satellite capacity services in the European region, and Euro Retail Co. purchases wholesale satellite capacity services and offers retail satellite-based broadband internet services in the European region. Also at the closing, the Company and Eutelsat entered into shareholders' agreements and other ancillary agreements with respect to the ownership, management and operation of the two entities (see Note 10 for more information).

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Note 10 — Equity Method Investments and Related Party Transactions

Eutelsat strategic partnering arrangement

In March 2017, the Company acquired a 49% interest in Euro Infrastructure Co. The Company's investment in Euro Infrastructure Co. is accounted for under the equity method and the total investment, including basis difference allocated to tangible assets, identifiable intangible assets, deferred income taxes and goodwill, is classified as a single line item, as an investment in unconsolidated affiliate, on the Company's consolidated balance sheets. The Company will record its proportionate share of the results of Euro Infrastructure Co., and any related basis difference amortization expense, within equity in earnings (losses) of unconsolidated affiliate, net, one quarter in arrears. Therefore, the Company's share of the results of Euro Infrastructure Co. (from and after the date of the Company's investment in Euro Infrastructure Co. on March 3, 2017) will be included in the Company's consolidated financial statements commencing in the first quarter of fiscal year 2018. The Company's investment in Euro Infrastructure Co. is presented at cost of investment plus its accumulated proportional share of income or loss less any distributions it has received.

The difference between the Company's carrying value of its investment in Euro Infrastructure Co. and its proportionate share of the net assets of Euro Infrastructure Co. as of March 3, 2017 is summarized as follows:

	(In thousands)
Carrying value of investment in Euro Infrastructure Co.	$ 141,894
Proportionate share of net assets of Euro Infrastructure Co	127,393
Excess carrying value of investment over proportionate share of net assets	$ 14,501
The excess carrying value has been primarily assigned to:	
Goodwill	$ 20,791
Identifiable intangible assets	12,379
Tangible asset	(20,241)
Deferred income taxes	1,572
	$ 14,501

The identifiable intangible assets have useful lives up to 11 years and a weighted average useful life of approximately ten years, and tangible assets have useful lives up to 11 years and a weighted average useful life of approximately 11 years. The preliminary allocation is subject to revision as more detailed analysis is completed and additional information on the assets and liabilities of Euro Infrastructure Co. as of the closing date becomes available. Any change in the net assets of Euro Infrastructure Co. will change the amount of the purchase price allocable to goodwill. Goodwill is not deductible for tax purposes.

Related party transactions

Transactions with equity method investee are considered related party transactions. Related party transactions entered into between Euro Infrastructure Co. and its subsidiaries, on the one hand, and the Company and its subsidiaries, on the other hand, in the ordinary course of business for the period from and after the date of the Company's investment in Euro Infrastructure Co. in March 2017 and as of March 31, 2017 were insignificant.

Note 11 — Employee Benefits

The Company is a sponsor of a voluntary deferred compensation plan under Section 401(k) of the Internal Revenue Code. Under the plan, the Company may make discretionary contributions to the plan which vest over six years. The Company's discretionary matching contributions to the plan are based on the amount of employee contributions and can be made in cash or the Company's common stock at the Company's election. Subsequent to the 2017 fiscal year end, the Company elected to settle the discretionary contributions liability in shares of the Company's common stock, consistent with fiscal year 2016. Based on the closing price of the Company's common stock at the 2017 fiscal year end, the Company would issue approximately 263,340 shares of common stock at this time. Discretionary contributions accrued by the Company as of March 31, 2017 and 2016 amounted to $16.8 million and $13.6 million, respectively.

Note 12 — Commitments

In May 2013, the Company entered into an agreement to purchase the ViaSat-2 satellite from The Boeing Company (Boeing) at a price of approximately $358.0 million, plus an additional amount for launch support services to be performed by Boeing. In April 2017, subsequent to the fiscal year end, the satellite construction agreement was amended to replace the remaining milestone payments for the satellite under the agreement with approximately $21.0 million of in-orbit satellite performance incentives payments, excluding interest, payable monthly over a nine-year period commencing one month after the completion of in-orbit testing, subject to the continued satisfactory performance of the satellite.

In July 2016, the Company entered into two separate agreements with Boeing for the construction and purchase of two ViaSat-3 class satellites and the integration of ViaSat's payload technologies into the satellites at a price of approximately $368.3 million in the aggregate (subject to purchase price adjustments based on factors such as launch delay and early delivery), plus an additional amount for launch support services to be performed by Boeing. In addition, under one of these agreements, the Company has the option to order up to two additional ViaSat-3 class satellites. These agreements supersede the prior limited authorization to proceed which was entered into during the fourth quarter of fiscal year 2016. The first ViaSat-3 class satellite is expected to provide broadband services over the Americas, and the second is expected to provide broadband services over Europe, Middle East and Africa.

In addition to the satellite construction agreements described above, the Company also enters into various other satellite-related purchase commitments, including with respect to the provision of launch services, operation of our satellites and satellite insurance. As of March 31, 2017, future minimum payments under the Company's satellite construction contracts and other satellite-related purchase commitments for the next five fiscal years and thereafter were as follows:

Fiscal Years Ending	(In thousands)
2018	$ 175,076
2019	207,395
2020	134,868
2021	37,673
2022	2,623
Thereafter	20,404
	$ 578,039

In January 2008, the Company entered into several agreements with Space Systems/Loral, Inc. (SS/L), its former parent company Loral Space & Communications, Inc. (Loral) and Telesat Canada related to the Company's ViaSat-1 satellite, which was placed into service in January 2012. The Company's contract with SS/L requires monthly in-orbit satellite performance incentive payments, including interest, over a 15-year period from December 2011 until December 2026, subject to the continued satisfactory performance of the satellite. The Company recorded the net present value of these expected future payments as a liability and as a component of

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the cost of the satellite during the third quarter of fiscal year 2012. As of March 31, 2017, the Company's estimated satellite performance incentives obligation and accrued interest was approximately $21.8 million, of which $2.6 million and $19.2 million have been classified current in accrued liabilities and non-current in other liabilities, respectively. Under the satellite construction contract with SS/L, the Company may incur up to $30.8 million in total costs for satellite performance incentives obligation and related interest earned over the 15-year period with potential future minimum payments of $2.3 million, $2.5 million, $2.6 million, $2.8 million and $3.1 million in fiscal years 2018, 2019, 2020, 2021 and 2022, respectively, with $17.5 million commitments thereafter.

The Company has various other purchase commitments under satellite capacity agreements which are used to provide satellite networking services to its customers for future minimum payments of approximately $33.8 million, $19.6 million, $15.8 million and $7.4 million in fiscal years 2018, 2019, 2020 and 2021, respectively, and no further minimum payments thereafter.

The Company leases office and other facilities under non-cancelable operating leases with initial terms ranging from one to 15 years which expire between fiscal year 2018 and fiscal year 2029 and provide for pre-negotiated fixed rental rates during the terms of the lease. Certain of the Company's facilities leases contain option provisions which allow for extension of the lease terms.

For operating leases, minimum lease payments, including minimum scheduled rent increases, are recognized as rent expense on a straight-line basis over the lease term as that term is defined in the authoritative guidance for leases including any option periods considered in the lease term and any periods during which the Company has use of the property but is not charged rent by a landlord ("rent holiday"). Leasehold improvement incentives paid to the Company by a landlord are recorded as a liability and amortized as a reduction of rent expense over the lease term. Total rent expense was $34.0 million, $27.7 million and $24.5 million in fiscal years 2017, 2016 and 2015, respectively.

As of March 31, 2017, future minimum lease payments for the next five fiscal years and thereafter were as follows:

Fiscal Years Ending	(In thousands)
2018	$ 35,858
2019	39,807
2020	39,855
2021	39,566
2022	38,118
Thereafter	170,776
	$ 363,980

Note 13 — Contingencies and Certain Matters Resolved During Fiscal Year 2015

Contingencies

From time to time, the Company is involved in a variety of claims, suits, investigations and proceedings arising in the ordinary course of business, including government investigations and claims, and other claims and proceedings with respect to intellectual property, breach of contract, labor and employment, tax and other matters. Such matters could result in fines; penalties, compensatory, treble or other damages; or non-monetary relief. A violation of government contract laws and regulations could also result in the termination of our government contracts or debarment from bidding on future government contracts. Although claims, suits,

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investigations and proceedings are inherently uncertain and their results cannot be predicted with certainty, the Company believes that the resolution of its current pending matters will not have a material adverse effect on its business, financial condition, results of operations or liquidity.

In March 2016, the Company's 52% majority-owned subsidiary TrellisWare was informed by the Civil Division of the U.S. Attorney's Office for the Southern District of California that it was investigating TrellisWare's eligibility for certain prior government contracts and whether TrellisWare's conduct in connection therewith violated the False Claims Act. An estimated loss contingency is accrued when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The Company regularly evaluates current information available to determine whether such accruals should be adjusted and whether new accruals are required. In February 2017, based on further developments in that investigation and TrellisWare's discussions with the U.S. Attorney's Office, the Company accrued a total loss contingency of $11.8 million in SG&A expenses in our government systems segment, which consisted of $11.4 million in uncharacterized damages and $0.4 million in penalties. The impact of the loss contingency on net income attributable to ViaSat, Inc. stockholders for fiscal year 2017, net of tax, was $4.0 million, with the related amount of $3.7 million recorded to net (loss) income attributable to noncontrolling interests, net of tax, while the impact on basic and diluted net income per share attributable to ViaSat, Inc. common stockholders for fiscal year 2017 was $0.08 per share and $0.07 per share, respectively. As of March 31, 2017, the total loss contingency was recorded in accrued liabilities and other long term liabilities in the consolidated balance sheet in the amounts of $8.8 million and $3.0 million, respectively. At this time, the Company cannot determine with certainty how or whether the TrellisWare investigation will conclude or whether this will be the final amount of damages and penalties.

The Company has contracts with various U.S. government agencies. Accordingly, the Company is routinely subject to audit and review by the DCMA, the DCAA and other U.S. government agencies of its performance on government contracts, indirect rates and pricing practices, accounting and management internal control business systems, and compliance with applicable contracting and procurement laws, regulations and standards. An adverse outcome to a review or audit or other failure to comply with applicable contracting and procurement laws, regulations and standards could result in material civil and criminal penalties and administrative sanctions being imposed on the Company, which may include termination of contracts, forfeiture of profits, triggering of price reduction clauses, suspension of payments, significant customer refunds, fines and suspension, or a prohibition on doing business with U.S. government agencies. In addition, if the Company fails to obtain an "adequate" determination of its various accounting and management internal control business systems from applicable U.S. government agencies or if allegations of impropriety are made against it, the Company could suffer serious harm to its business or its reputation, including its ability to bid on new contracts or receive contract renewals and its competitive position in the bidding process. The Company's incurred cost audits by the DCAA have not been concluded for fiscal year 2016. As of March 31, 2017, the DCAA had completed its incurred cost audit for fiscal year 2004 and approved the Company's incurred cost claims for fiscal years 2005 through 2015 without further audit. Although the Company has recorded contract revenues subsequent to fiscal year 2015 based upon an estimate of costs that the Company believes will be approved upon final audit or review, the Company does not know the outcome of any ongoing or future audits or reviews and adjustments, and if future adjustments exceed the Company's estimates, its profitability would be adversely affected. As of March 31, 2017 and 2016, the Company had $1.8 million and $2.5 million, respectively, in contract-related reserves for its estimate of potential refunds to customers for potential cost adjustments on several multi-year U.S. government cost reimbursable contracts. This reserve is classified as either an element of accrued liabilities or as a reduction of unbilled accounts receivable based on the status of the related contracts.

Certain Matters Resolved During Fiscal Year 2015

In September 2014, the Company entered into a settlement agreement with SS/L and Loral (the Settlement Agreement), pursuant to which SS/L and Loral are required to pay the Company a total of $108.7 million, inclusive of interest, over a two and a half year period from the date of settlement. In exchange, the Company dismissed both lawsuits against SS/L and Loral. The parties further agreed not to sue each other with respect to the patents and intellectual property that were the subject of the lawsuits and, for a period of two years, not to sue each other or each other's customers for any intellectual property claims.

The Company accounted for the amounts payable by SS/L and Loral under the Settlement Agreement as a multiple-element arrangement and allocated the total consideration to the identifiable elements based upon their fair value. The consideration assigned to each element was as follows:

	(In thousands)
Implied license	$ 85,132
Other damages	18,714
Interest income	4,866
	$ 108,712

During fiscal year 2017, the Company recorded $27.5 million with respect to amounts realized under the Settlement Agreement, of which $26.8 million was recognized as product revenues in the Company's satellite services segment and $0.7 million was recognized as interest income in the consolidated financial statements. During fiscal year 2016, the Company recorded $27.5 million with respect to amounts realized under the Settlement Agreement, of which $25.3 million was recognized as product revenues in the Company's satellite services segment and $2.2 million was recognized as interest income in the consolidated financial statements. During fiscal year 2015, the Company recorded $53.7 million with respect to amounts realized under the Settlement Agreement, of which $33.0 million was recognized as product revenues and $18.7 million was recognized as a reduction to SG&A expenses in the Company's satellite services segment, and $2.0 million was recognized as interest income in the consolidated financial statements. As of March 31, 2017 all payments pursuant to the Settlement Agreement have been recorded and no further impacts to our consolidated financial statements are anticipated related to the Settlement Agreement.

VIASAT, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 14 — Product Warranty

The Company provides limited warranties on its products for periods of up to five years. The Company records a liability for its warranty obligations when products are shipped or they are included in long-term construction contracts based upon an estimate of expected warranty costs. Amounts expected to be incurred within 12 months are classified as accrued liabilities and amounts expected to be incurred beyond 12 months are classified as other liabilities in the consolidated financial statements. For mature products, the warranty cost estimates are based on historical experience with the particular product. For newer products that do not have a history of warranty costs, the Company bases its estimates on its experience with the technology involved and the types of failures that may occur. It is possible that the Company's underlying assumptions will not reflect the actual experience and in that case, future adjustments will be made to the recorded warranty obligation. The following table reflects the change in the Company's warranty accrual in fiscal years 2017, 2016 and 2015.

	Fiscal Years Ended		
	March 31, 2017	March 31, 2016	April 3, 2015
	(In thousands)		
Balance, beginning of period	$11,434	$15,545	$17,023
Change in liability for warranties issued in period	7,815	4,327	5,725
Settlements made (in cash or in kind) during the period	(8,191)	(8,438)	(7,203)
Balance, end of period	$11,058	$11,434	$15,545

Note 15 — Segment Information

The Company's reporting segments, comprised of the satellite services, commercial networks and government systems segments, are primarily distinguished by the type of customer and the related contractual requirements. The Company's satellite services segment provides satellite-based broadband and related services to consumers, enterprises, commercial airlines and mobile broadband customers. The Company's commercial networks segment develops and offers advanced satellite and wireless broadband platforms, ground networking equipment, radio frequency and advanced microwave solutions, ASIC chip design, satellite payload development and space-to-earth connectivity systems, some of which are ultimately used by the Company's satellite services segment. The Company's government systems segment provides global mobile broadband services to military and government users and develops and offers network-centric, IP-based fixed and mobile secure communications products and solutions. The more regulated government environment is subject to unique contractual requirements and possesses economic characteristics which differ from the satellite services and commercial networks segments. The Company's segments are determined consistent with the way management currently organizes and evaluates financial information internally for making operating decisions and assessing performance.

VIASAT, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Segment revenues and operating profits (losses) for the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015 were as follows:

	Fiscal Years Ended		
	March 31, 2017	March 31, 2016	April 3, 2015
		(In thousands)	
Revenues:			
Satellite services			
Product (1)	$ 27,711	$ 25,606	$ 33,576
Service	601,936	533,628	466,284
Total	629,647	559,234	499,860
Commercial networks			
Product	211,458	228,694	331,052
Service	33,149	22,042	16,078
Total	244,607	250,736	347,130
Government systems			
Product	474,767	410,521	363,446
Service	210,316	196,940	172,099
Total	685,083	607,461	535,545
Elimination of intersegment revenues	—	—	—
Total revenues	$1,559,337	$1,417,431	$1,382,535
Operating profits (losses):			
Satellite services (2)	$ 131,085	$ 81,830	$ 62,379
Commercial networks	(180,496)	(111,339)	(33,616)
Government systems (3)	96,658	87,066	72,347
Elimination of intersegment operating profits	—	—	—
Segment operating profit before corporate and amortization of acquired intangible assets	47,247	57,557	101,110
Corporate	—	—	—
Amortization of acquired intangible assets	(10,788)	(16,438)	(17,966)
Income from operations	$ 36,459	$ 41,119	$ 83,144

(1) Product revenues in the satellite services segment included $26.8 million, $25.3 million and $33.0 million for the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015, respectively, relating to amounts realized under the Settlement Agreement. See Note 13.

(2) Operating profits for the satellite services segment included $26.8 million, $25.3 million and $51.8 million for the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015, respectively, relating to amounts realized under the Settlement Agreement. See Note 13.

(3) Operating profits for the government systems segment reflected $11.8 million of SG&A expenses for the fiscal year ended March 31, 2017, relating to uncharacterized damages and penalties in connection with the False Claims Act civil investigation related to the Company's 52% majority-owned subsidiary TrellisWare. The impact of the loss contingency on net income attributable to ViaSat, Inc. stockholders for fiscal year 2017, net of tax, was $4.0 million, with the related amount of $3.7 million recorded to net (loss) income attributable to noncontrolling interests, net of tax, while the impact on basic and diluted net income per share attributable to ViaSat, Inc. common stockholders for fiscal year 2017 was $0.08 per share and $0.07 per share, respectively. See Note 13.

VIASAT, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Assets identifiable to segments include: accounts receivable, unbilled accounts receivable, inventory, acquired intangible assets and goodwill. The Company's property and equipment, including its satellites, earth stations and other networking equipment, are assigned to corporate assets as they are available for use by the various segments throughout their estimated useful lives. Segment assets as of March 31, 2017, March 31, 2016 and April 3, 2015 were as follows:

	As of March 31, 2017	As of March 31, 2016	As of April 3, 2015
		(In thousands)	
Segment assets:			
Satellite services	$ 81,728	$ 57,529	$ 63,790
Commercial networks	179,992	212,943	217,268
Government systems	326,242	311,927	273,313
Total segment assets	587,962	582,399	554,371
Corporate assets	2,366,691	1,814,913	1,593,034
Total assets	$ 2,954,653	$ 2,397,312	$ 2,147,405

Other acquired intangible assets, net and goodwill included in segment assets as of March 31, 2017 and 2016 were as follows:

	Other Acquired Intangible Assets, Net		Goodwill	
	As of March 31, 2017	As of March 31, 2016	As of March 31, 2017	As of March 31, 2016
		(In thousands)		
Satellite services	$ 21,843	$ 8,751	$ 13,579	$ 9,809
Commercial networks	4,903	6,581	43,930	43,990
Government systems	14,931	18,272	62,367	63,241
Total	$ 41,677	$ 33,604	$119,876	$117,040

Amortization of acquired intangible assets by segment for the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015 was as follows:

	Fiscal Years Ended		
	March 31, 2017	March 31, 2016	April 3, 2015
		(In thousands)	
Satellite services	$ 5,866	$ 9,122	$11,058
Commercial networks	1,679	2,569	1,452
Government systems	3,243	4,747	5,456
Total amortization of acquired intangible assets	$10,788	$16,438	$17,966

VIASAT, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Revenue information by geographic area for the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015 was as follows:

	Fiscal Years Ended		
	March 31, 2017	March 31, 2016	April 3, 2015
		(In thousands)	
United States	$ 1,352,002	$ 1,207,651	$ 1,149,700
Europe, Middle East and Africa	85,828	80,202	89,982
Asia, Pacific	88,888	79,213	81,397
North America other than United States	24,649	38,957	51,661
Central and Latin America	7,970	11,408	9,795
Total revenues	$ 1,559,337	$ 1,417,431	$ 1,382,535

The Company distinguishes revenues from external customers by geographic area based on customer location.

The net book value of long-lived assets located outside the United States was $32.4 million at March 31, 2017, $23.7 million at March 31, 2016 and $14.3 million at April 3, 2015.

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SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS

For the Three Fiscal Years Ended March 31, 2017

Date	Allowance for Doubtful Accounts (In thousands)
Balance, April 4, 2014	$ 1,554
Charged (credited) to costs and expenses	3,822
Deductions	(4,321)
Balance, April 3, 2015	$ 1,055
Charged (credited) to costs and expenses	5,885
Deductions	(5,787)
Balance, March 31, 2016	$ 1,153
Charged (credited) to costs and expenses	7,139
Deductions	(6,822)
Balance, March 31, 2017	$ 1,470

Date	Deferred Tax Asset Valuation Allowance (In thousands)
Balance, April 4, 2014	$ 12,832
Charged (credited) to costs and expenses	2,718
Deductions	—
Balance, April 3, 2015	$ 15,550
Charged (credited) to costs and expenses	1,539
Deductions	—
Balance, March 31, 2016	$ 17,089
Charged (credited) to costs and expenses	639
Deductions	—
Balance, March 31, 2017	$ 17,728

Exhibit 10.5

VIASAT, INC.
1996 EQUITY PARTICIPATION PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT
(GLOBAL VERSION)

Grant: ____________ Restricted Stock Units ("RSUs") **Name:** ____________

Grant Date: ____________

ELECTRONIC ACCEPTANCE OF RSU AWARD:

By clicking on the "**ACCEPT**" box on the "**Grant Acceptance: View/Accept Grant**" Page, you agree to be bound by the terms and conditions of this Restricted Stock Unit Award Agreement, including any applicable country-specific terms in the appendix hereto, (together, the "Agreement") and the 1996 Equity Participation Plan of ViaSat, Inc. (as amended from time to time, the "Plan"). You acknowledge that you have reviewed and fully understand all of the provisions of this Agreement and the Plan, and have had the opportunity to obtain advice of counsel prior to accepting the grant of RSUs pursuant to this Agreement. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Compensation and Human Resources Committee of the Board (the "Committee") upon any questions relating to this Agreement and the Plan.

TERMS AND CONDITIONS OF RSU AWARD:

1. Grant. Effective on the Grant Date, you have been granted the number of shares indicated above of RSUs providing you the right to receive Common Stock of ViaSat, Inc., a Delaware corporation (the "Company"), as the RSU vests, in accordance with the provisions of this Agreement and the provisions of the Plan.

2. Forfeiture Upon Termination. Until vested, the RSU shall be subject to forfeiture in the event of the termination of your employment or service (as applicable) with the Company and all of its Subsidiaries for any reason, whether such termination is occasioned by you, by the Company or any of its Subsidiaries, with or without cause or by mutual agreement ("Termination of Employment"). Termination of Employment means the Company has determined that you have stopped providing active services to the Company Group (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any) and will not be extended by any notice period (*e.g.*, active services would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); the Committee shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of your RSU grant (including whether you may still be considered to be providing services while on an approved leave of absence).

3. Transferability. Until vested, the RSU or any right or interest therein is not transferable except by will or the laws of descent and distribution. Until Common Stock is issued upon settlement of the RSU, you will not be deemed for any purpose to be, or have rights as, a Company shareholder by virtue of this award. You are not entitled to vote any shares of Common Stock by virtue of this award.

4. Vesting. The RSU will vest and no longer be subject to the restrictions of and forfeiture under this Agreement in one-fourth (1/4th or 25%) increments on each anniversary of the Grant Date. Notwithstanding the foregoing, the RSU shall be fully vested upon your Termination of Employment by reason of death or permanent disability. "Permanent disability" means that you are unable to perform your duties by reason of any medically determined physical or mental impairment which can be expected to result in death or which has lasted or is expected to last for a continuous period of at least 12 months, as reasonably determined by the Committee, in its discretion.

5. Payment After Vesting. Within ten days following the vesting of the RSU, you will be issued shares of Common Stock equal to the number of vested shares, in settlement of the RSU (subject to the withholding requirements described in Section 6 below, as applicable).

6. Withholding; Indemnity.

(a) You understand that you (and not the Company) shall be responsible for any Tax Liability (as defined below) arising as a result of this Agreement or the transactions relating to the RSU. You agree to indemnify and keep indemnified the Company, any Subsidiary and your employing company (the "Employer"), if different (collectively, the "Company Group"), from and against any such Tax Liability.

(b) The Company has the authority to deduct or withhold, or require you to remit to the Company, an amount sufficient to satisfy any Tax Liability. At any time not less than five business days before any such Tax Liability arises, you may satisfy your Tax Liability, in whole or in part, by either: (i) electing to have the Company withhold from your salary or other cash compensation payable to you or shares of Common Stock otherwise to be delivered upon settlement of the RSU with a Fair Market Value equal to the minimum amount of the Tax Liability, or (ii) paying the amount of the Tax Liability directly to the Company in cash. **Unless you choose to satisfy your Tax Liability in accordance with subsection (ii) above, your Tax Liability will be automatically satisfied in accordance with subsection (i) above. The Committee or the Board will have the right to disapprove an election to pay your Tax Liability under subsection (ii) in its sole discretion. In the event your Tax Liability will be satisfied under subsection (i) above, then the Company, upon approval of the Committee or the Board, may elect (in lieu of withholding shares of Common Stock) to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on your behalf (pursuant to this authorization) a whole number of shares from those shares of Common Stock issuable to you upon settlement of the RSU as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy your Tax Liability. Your acceptance of this RSU constitutes your instruction and authorization to the Company and such brokerage firm to complete the transactions described in the previous sentence, as applicable.** Such shares of Common Stock will be sold on the day the Tax Liability arises or as soon thereafter as practicable. The shares of Common Stock may be sold as part of a block trade with other participants of the Plan in which all participants receive an average price. You will be responsible for all broker's fees and other costs of sale, and you agree to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. To the extent the proceeds of such sale exceed your Tax Liability, the Company agrees to pay such excess in cash to you as soon as practicable and you will have no entitlement to the Common Stock equivalent. You acknowledge that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy your tax withholding obligation. The Company may refuse to issue any Common Stock in settlement of your RSU to you until your Tax Liability is satisfied. To the maximum extent permitted by law, the Company has the right to retain without notice from shares of Common Stock issuable under the RSU or from salary payable to you, such shares or cash having a value sufficient to satisfy the Tax Liability. If the obligation for the Tax Liability is satisfied by withholding shares of Common Stock , for tax purposes, you are deemed to have been issued the full number of shares of Common Stock subject to the vested RSUs, notwithstanding that a number of the shares of Common Stock are held back solely for the purpose of paying the Tax Liability.

(c) For purposes of this Agreement, your "Tax Liability" shall mean (i) all federal, state, local and foreign withholding or other taxes applicable to your taxable income, plus (ii) if permitted under the laws of the jurisdiction in which you reside, any liability of the Company Group for income tax, withholding tax and any social security contributions, payroll tax, fringe benefit tax, payment on account obligation or other employment related taxes in any jurisdiction, in each case that may arise as a result of (w) the grant, vesting or settlement of the RSU, (x) the issuance to you of shares of Common Stock on the vesting or settlement of the RSU, (y) the disposition of any shares of Common Stock that were the subject of the RSU, or (z) any other transactions contemplated by this Agreement. To avoid negative accounting treatment, the Company may withhold for the Tax Liability by considering applicable minimum statutory withholding amounts or other applicable withholding rates. Further, you acknowledge that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax Liability in connection with any aspect of the RSU, including, but not limited to, the grant, vesting or settlement of the RSU, the subsequent sale of shares of Common Stock acquired pursuant to such settlement and the receipt of any dividends and/or any dividend equivalents; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSU to reduce or eliminate your Tax Liability or achieve any particular tax result. You further acknowledge that if you are subject to a Tax Liability in more than one jurisdiction, the Company and/or the employer (or former employer, as applicable) may be required to withhold or account for Tax Liability in more than one jurisdiction.

7. Nature of Grant. In accepting the grant, you acknowledge, understand and agree that:

(a) this Agreement, the RSU grant and your participation in the Plan shall not create a right to employment, shall not be interpreted as forming or amending an employment or service contract with the Company Group, and shall not interfere with the ability of the Company Group to terminate your employment or service relationship (if any);

(b) you have no right or entitlement to be granted an award of RSU or shares of Common Stock; the grant of the RSU is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;

(c) the RSU and the shares of Common Stock subject to the RSU, and the income and value of same, are not intended to replace any pension rights or compensation;

(d) all decisions with respect to future RSUs or other grants, if any, will be at the sole discretion of the Company;

(e) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(f) you are voluntarily participating in the Plan;

(g) the RSU and the shares of Common Stock subject to the RSU, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(h) the future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty;

(i) unless otherwise agreed with the Company, the RSU and any shares of Common Stock acquired under the Plan, and the income and value of same, are not granted as consideration for, or in connection with, any service you may provide as a director of any Subsidiary or affiliate of the Company;

(j) unless otherwise provided in the Plan or by the Company in its discretion, the RSU and the benefits evidenced by this Agreement do not create any entitlement to have the RSU or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of Common Stock; and

(k) the following provisions apply only if you are providing services outside the United States:

(A) the RSU and the shares of Common Stock subject to the RSU, and the income and value of same, are not part of normal or expected compensation or salary for any purpose;

(B) the Company Group shall not be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the RSU or of any amounts due to you pursuant to the settlement of the RSU or the subsequent sale of any shares of Common Stock acquired upon settlement; and

(C) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSU resulting from your Termination of Employment, and in consideration of the grant of the RSU, you agree not to institute any claim against the Company Group.

8. Plan Governs. This RSU award is granted under and governed by the terms and conditions of the Plan. By execution of this Agreement, you consent to the provisions of the Plan and this Agreement. Defined terms used herein shall have the meaning set forth in the Plan, unless otherwise defined herein.

9. Section 409A. To the extent applicable, this Agreement and the RSUs shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder. This RSU award is not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code and the Department of Treasury regulations and other interpretive guidance issued thereunder. For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), each payment that you may be eligible to receive under this Agreement shall be treated as a separate and distinct payment.

10. ***Data Protection***.

(a) You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement and any other RSU grant materials by the Company Group for the exclusive purpose of implementing, administering and managing your participation in the Plan.

(b) You understand that the Company Group may hold certain personal information about you, including, but not limited to, your name, home address, email address and telephone number, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all RSUs or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in your favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

(c) You understand that Data will be transferred to E*TRADE Securities LLC, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the Company Group, E*TRADE Securities LLC and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States, you may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data, or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant RSUs or other

equity awards to you, or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative. This Section applies to information held, used or disclosed in any medium.

11. Governing Law and Venue.

(a) The RSU grant and the provisions of this Agreement are governed by, and subject to, the laws of the State of California, without regard to the conflict of law provisions, as provided in the Plan.

(b) For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of San Diego County, California, or the federal courts for the United States for the Southern District of California, and no other courts, where this grant is made and/or to be performed.

12. Language. If you have received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

13. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

14. Severability. The provisions of this Agreement are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

15. Appendix. Notwithstanding any provisions in this Agreement, the RSU grant shall be subject to any special terms and conditions set forth in any Appendix to this Agreement for your country. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

16. Imposition of Other Requirements. The Company reserves the right to impose other requirements on your participation in the Plan, on the RSU and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

17. Waiver. You acknowledge that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other Grantee.

18. Insider Trading Restrictions/Market Abuse Laws. You acknowledge that you may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, which may affect your ability to, directly or indirectly, acquire, sell or attempt to sell shares of Common Stock or rights to shares

of Common Stock under the Plan during such times when you are considered to have "inside information" regarding the Company (as defined by the laws in applicable jurisdictions or your country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You further acknowledge that it is your responsibility to comply with any applicable restrictions, and you should speak to your personal advisor on this matter.

19. Foreign Asset / Account Reporting Requirements. You acknowledge that your country may have certain foreign asset and/or account reporting requirements and exchange controls which may affect your ability to acquire or hold shares of Common Stock under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of shares of Common Stock) in a brokerage or bank account outside your country. You understand that you may be required to report such accounts, assets or related transactions to the tax or other authorities in your country. You also may be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker and/or within a certain time after receipt. In addition, you may be subject to tax payment and/or reporting obligations in connection with any income realized under the Plan and/or from the sale of shares of Common Stock. You acknowledge that it is your responsibility to be compliant with all such requirements, and you should speak to your personal advisor on this matter.

20. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Common Stock. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

VIASAT, INC.
1996 EQUITY PARTICIPATION PLAN

APPENDIX TO THE
RESTRICTED STOCK UNIT AWARD AGREEMENT
(GLOBAL VERSION)

FOR GRANTEES OUTSIDE THE U.S.

Terms and Conditions

This Appendix includes additional terms and conditions that govern the RSUs granted to you under the Plan if you reside in one of the countries listed below. Certain capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or the Agreement.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of March 2017. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information in this Appendix as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time that you vest in the RSUs.

In addition, the information contained herein is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently working, transfer employment to another country after the Grant Date, or are considered a resident of another country for tax or exchange control purposes, the information contained herein may not be applicable to you.

AUSTRALIA

Terms and Conditions

Payment After Vesting. The grant of RSUs does not provide any right for you to receive a cash payment, and settlement of the RSUs is payable only in shares of Common Stock.

Notifications

Australian Offer Document. This offer of RSUs under the Plan is intended to comply with the provisions of the Corporations Act 2001, ASIC Regulatory Guide 49 and ASIC Class Order CO 14/1000. Additional details are set forth in the Offer Document for the offer of RSUs to Australian-resident employees, which will be provided to you with the Agreement.

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding A$10,000 and international fund transfers. The Australian bank assisting with the transaction will file the report. If there is no Australian bank involved in the transfer, you will be required to file the report.

Tax Information. The Plan is a plan to which subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

CANADA

Terms and Conditions

Payment After Vesting. The grant of RSUs does not provide any right for you to receive a cash payment, and settlement of the RSUs is payable only in shares of Common Stock.

Forfeiture Upon Termination. The following replaces Section 2 of the Agreement:

Until vested, the RSU shall be subject to forfeiture in the event of the termination of your employment or service (as applicable) with the Company and all of its Subsidiaries for any reason, whether such termination is occasioned by you, by the Company or any of its Subsidiaries, with or without cause or by mutual agreement ("Termination of Employment"). For purposes of this Agreement, your employment or service will be considered terminated as of the date that is the earlier of: (1) the date your employment or service is terminated, (2) the date you receive a notice of termination of service from the Employer, or (3) the date you cease to actively provide services; regardless of any notice period or period of pay in lieu of such notice required under local law (including, but not limited to, statutory law, regulatory law and/or common law). The Committee shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of your RSU grant (including whether you may still be considered to be providing services while on an approved leave of absence).

The following provisions will apply if you are a resident of Quebec:

Language Consent. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceeds entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement relatif à la langue utilisée: Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaries intentées, directement ou indirectement, relativement à ou suite à la présente convention.

Data Protection. This provision supplements Section 10 of the Agreement:

You hereby authorize the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. You further authorize the Employer, the Company, and any other Subsidiary to disclose and discuss the Plan with their respective advisors. You further authorize the Employer, the Company, and any other Subsidiary to record such information and to keep such information in your employee file.

Notifications

Securities Law Notification. Canadian residents are permitted to sell shares of Common Stock acquired under the Plan through the designated broker appointed under the Plan, if any, provided the sale of such shares acquired under the Plan takes place outside of Canada through the NASDAQ stock exchange on which the shares of Common Stock are listed.

Foreign Asset/Account Reporting Notification. Canadian taxpayers are required to report any foreign specified property, including shares of Common Stock acquired under the Plan and rights to receive shares of Common Stock (*e.g*., RSUs) on Form T1135 (Foreign Income Verification Statement) if the total cost of the foreign specified property exceeds C$100,000 at any time during the year. RSUs must be reported (generally, at nil cost) if the C$100,000 cost threshold is exceeded because of other foreign specified property held by you. For shares of Common Stock acquired under the Plan, cost generally is the adjusted cost basis ("ACB"), which would ordinarily be equal the fair market value of such shares at the time of acquisition. If, however, you own other shares of Common Stock in the Company, the ACB of the shares of Common Stock acquired under the Plan will need to be leveraged with the ACB of the other shares. The statement is due at the same time as your annual tax return. You should consult your personal tax advisor to ensure compliance with applicable reporting obligations.

FRANCE

Terms and Conditions

Consent to Receive Information in English. By accepting the grant of the RSUs, you confirm having read and understood the Plan and Agreement, which were provided in the English language. You accept the terms of those documents accordingly.

En acceptant cette attribution gratuite d'actions, vous confirmez avoir lu et compris le Plan et ce Contrat, incluant tous leurs termes et conditions, qui ont été transmis en langue anglaise. Vous acceptez les termes de ces documents en connaissance de cause.

Notifications

Tax Information. The RSUs are not intended to qualify for specific tax and social security treatment in France under Section L. 225-197-1 to L. 225-197-6-1 of the French Commercial Code, as amended.

Foreign Asset/Account Reporting Information. If you hold securities (e.g., shares of Common Stock) or maintain a foreign bank account, the securities and bank accounts (whether open, current or closed) must be reported to the French tax authorities when filing your annual tax return. Failure to comply could trigger significant penalties.

GERMANY

Notifications

Exchange Control Notification. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. In case of payments made in connection with the sale of securities, the report must be filed electronically by the fifth day of the month following the month in which the payment is received. A copy of the form can be accessed via the German Federal Bank's website at www.bundesbank.de and is available in both German and English. No report is required for payments less than €12,500. You are responsible for satisfying this reporting obligation and you should consult your personal legal advisor to ensure compliance with applicable reporting requirements.

INDIA

Notifications

Exchange Control Information. Indian residents must repatriate to India and convert to local currency any proceeds from the sale of shares of Common Stock acquired under the Plan within 90 days of receipt and any cash dividends paid upon such shares of Common Stock within 180 days of receipt, or as prescribed under applicable exchange control laws, as may be amended from time to time. If you repatriate funds pursuant to these requirements, the bank where the foreign currency is deposited will provide you with a foreign inward remittance certificate ("FIRC"). You should maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or the Employer requests proof of repatriation.

Foreign Asset /Account Reporting. Indian residents are required to declare any foreign bank accounts and assets (including shares of Common Stock acquired under the Plan) on their annual tax returns. You should consult with your personal tax advisor to ensure compliance with applicable reporting obligations.

IRELAND

Terms and Conditions

Nature of Grant. This section supplements Section 7(l)(C) of the Agreement:

By accepting the RSUs, you acknowledge, understand, and agree that the benefits received under the Plan will not be taken into account for any redundancy or unfair dismissal claim.

Notifications

Director Notification Obligation. Directors, shadow directors and secretaries of the Company's Irish Subsidiary or affiliate corporation whose interest in the Company represents more than 1% of the Company's voting share capital are subject to certain notification requirements under the Irish Companies Act. Directors, shadow directors and secretaries must notify the Irish Subsidiary or affiliate corporation in writing of their interest in the Company (*e.g*., RSUs, shares of Common Stock, etc.), when he or she becomes aware of the event giving rise to the notification requirement, or when he or she becomes a director or secretary if such an interest exists at that time. This notification requirement also applies with respect to the interests of a spouse or children under the age of 18 (whose interests will be attributed to the director, shadow director or secretary).

ITALY

Terms and Conditions

Data Protection. This provision supplements Section 10 of the Agreement:

You understand that the Company Group may hold certain personal information about you, including, but not limited to, your name, home address, email address and telephone number, date of birth, social insurance (to the extent permitted under Italian law), passport or other identification number, salary, nationality, job title, any shares of Common Stock or directorships held in the Company Group, details of all RSUs or other entitlement to shares of Common Stock granted, canceled, exercised, vested, unvested or outstanding in your favor, for the exclusive purpose of implementing, managing and administering the Plan ("Data").

You also understand that providing the Company with Data is necessary for the performance of the Plan and that your refusal to provide such Data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the Plan. The Controller of personal data processing is ViaSat, Inc., with registered offices at 6155 El Camino Real, Carlsbad, California, 92009, United States of America, and, pursuant to Legislative Decree no. 196/2003, its representative in Italy is, ViaSat Europe S.r.L. with registered offices at Viale Medaglie D'oro, 00136 Roma, Italy.

You understand that Data will not be publicized, but it may be transferred to banks, other financial institutions or brokers involved in the management and administration of the Plan. You understand that Data may also be transferred to the independent registered public accounting firm or the stock plan service provider engaged by the Company either presently or in the future. You further understand that the Company Group will transfer Data among themselves as necessary for the purpose of implementing, administering and managing your participation in the Plan, and that the Company Group may further transfer Data to third parties assisting the Company in the implementation, administration and management of the Plan, including any requisite transfer of Data to a broker or other third party with whom you may elect to deposit any shares of Common Stock acquired at vesting of the RSUs. Such recipients may receive, possess, use, retain and transfer Data in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan. You understand that these recipients may be located in or outside the European Economic Area, such as in the United States or elsewhere. Should the Company exercise its discretion in suspending all necessary legal obligations connected with the management and administration of the Plan, it will delete Data as soon as it has completed all the necessary legal obligations connected with the management and administration of the Plan.

You understand that Data-processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data is collected and with confidentiality and security provisions, as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/2003.

The processing activity, including communication, the transfer of Data abroad, including outside the European Economic Area, as herein specified and pursuant to applicable laws and regulations, does not require your consent thereto as the processing is necessary to performance of contractual obligations related to implementation, administration and management of the Plan. You understand that, pursuant to Section 7 of the Legislative Decree no. 196/2003, you have the right to, including but not limited to, access, delete, update, correct or terminate, for legitimate reason, the Data processing. Furthermore, you are aware that Data will not be used for direct marketing purposes. In addition, Data provided can be reviewed and questions or complaints can be addressed by contacting your local human resources representative.

Document Acknowledgment. By accepting the RSUs, you acknowledge that you have received a copy of, and have reviewed the Plan and the Agreement, including this Appendix, in their entirety and fully understand and accept all provisions of the Plan and the Agreement, including this Appendix.

You further acknowledge that you have read and specifically and expressly agree to the following provisions of the Agreement: (i) Withholding; Indemnity, (ii) Nature of Grant; (iii) Governing Law and Venue, (iv) Language, (v) Imposition of Other Requirements and the Data Protection section in this Appendix.

Notifications

Foreign Asset/Account Reporting Information. Italian residents who, at any time during the fiscal year, hold investments abroad and/or foreign financial assets (including shares of Common Stock and cash) which may generate income taxable in Italy are required to report such investments and assets on their annual tax returns (UNICO Form, RW Schedule) or on a special form if no tax return is due. These reporting obligations also apply to Italian residents who are the beneficial owners of the investments abroad or foreign financial assets under Italian money laundering provisions. You should consult your personal legal advisor to ensure compliance with applicable reporting obligations.

Foreign Financial Assets Tax. The fair market value of any shares of Common Stock held outside Italy is subject to a foreign assets tax. The fair market value is considered to be the value of the shares of Common Stock on the NASDAQ Global Select Market on December 31 of each year or on the last day you held the shares (in such case, or when the shares of Common Stock are acquired during the course of the year, the tax is levied in proportion to the actual days of holding over the calendar year). You should consult with your personal tax advisor about the foreign financial assets tax.

SWITZERLAND

Notifications

Securities Law Information. The RSUs and the issuance of any shares of Common Stock thereunder is not intended to be publicly offered in or from Switzerland. Neither this Agreement nor any other materials relating to the RSUs (1) constitute a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, (2) may be publicly distributed nor otherwise made publicly available in Switzerland, or (3) have been or will be filed with, approved or supervised by any Swiss regulatory authority (in particular, the Swiss Financial Market Supervisory Authority (FINMA)).

UNITED KINGDOM

Terms and Conditions

In the United Kingdom, only Employees are eligible to be granted RSUs pursuant to the following additional terms:

Responsibility for Taxes. This section supplements Section 6 of the Agreement:

Without limitation to Section 6 of the Agreement, you agree to be liable for any Tax Liability and hereby covenant to pay any such Tax Liability, as and when requested by the Company or, if different, the Employer or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). You also agree to indemnify and keep indemnified the Company and, if different, the Employer against any Tax Liability that they are required to pay or withhold on your behalf or have paid or will pay to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are a director or executive officer (as within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision will not apply. In the event you are a director or executive officer, you understand that you may not be able to indemnify the Company for the amount of any income tax not collected from or paid by you within ninety (90) days of the end of the U.K. tax year in which the event giving rise to the Tax Liability occurs, as it may be considered to be a loan and, therefore, it may constitute a benefit to you on which additional income tax and national insurance contributions may be payable. You acknowledge that the Company or the

Employer may recover any such additional income tax and national insurance contributions at any time thereafter by any of the means referred to in Section 6 of the Agreement. However, you are primarily responsible for reporting and paying any income tax and national insurance contributions due on this additional benefit directly to HMRC under the self-assessment regime.

Payment After Vesting. The grant of RSUs does not provide any right for you to receive a cash payment, and settlement of the RSUs is payable only in shares of Common Stock.

Exhibit 21.1

Subsidiaries	State or Other Jurisdiction of Incorporation or Organization
Engreen, Inc.	California
Engreen India Private Limited	India
Euro Broadband Retail Sàrl	Switzerland
Exede Communications Limitada	Brazil
Exede DEU GmbH	Germany
Exede Servicos De Comunicacoes Rio Limitada	Brazil
IOM Licensing Holding Company Limited	Isle of Man
Thames Space Limited	United Kingdom
ViaSat (IOM) Limited	Isle of Man
ViaSat Antenna Systems S.A.	Switzerland
ViaSat Australia PTY Limited	Australia
ViaSat Broadband Holdings B.V.	Netherlands
ViaSat China Services, Inc.	Delaware
ViaSat Europe S.r.L.	Italy
ViaSat India Pvt. Ltd.	India
ViaSat Ireland Limited	Ireland
ViaSat Netherlands B.V.	Netherlands
ViaSat Peru S.R.L.	Peru
ViaSat Satellite Holdings Limited	United Kingdom
ViaSat Satellite Ventures Holdings Luxembourg S.a.r.l.	Luxembourg
ViaSat Stimulus, LLC	Delaware
ViaSat Technologies Limited	United Kingdom
ViaSat Tecnologia S.A. de C.V.	Mexico
ViaSat UK Limited	United Kingdom
ViaSat VS3 Holdings Limited	United Kingdom
ViaSat Worldwide Limited	Delaware
ViaSat, Inc. Limitada	Chile
VParent, Inc.	Delaware
VService, Inc.	Delaware
Wildblue Communications Canada Corp.	Canada

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (File Nos. 333-74276, 333-85522, 333-135652, 333-141238, 333-143425, 333-164556 and 333-209452) and Form S-8 (File Nos. 333-21113, 333-40396, 333-67010, 333-68757, 333-109959, 333-131382, 333-153828, 333-159708, 333-160361, 333-167379, 333-169593, 333-182015, 333-184029, 333-191326, 333-204440 and 333-207064) of ViaSat, Inc. of our report dated May 24, 2017 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
San Diego, California
May 24, 2017

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT
TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark Dankberg, Chief Executive Officer of ViaSat, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of ViaSat, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 24, 2017

/S/ MARK DANKBERG
Mark Dankberg
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT
TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Shawn Duffy, Chief Financial Officer of ViaSat, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of ViaSat, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 24, 2017

/S/ SHAWN DUFFY
Shawn Duffy
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of ViaSat, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(a) the accompanying annual report on Form 10-K of the Company for the fiscal year ended March 31, 2017 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 24, 2017

/S/ MARK DANKBERG
Mark Dankberg
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of ViaSat, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(a) the accompanying annual report on Form 10-K of the Company for the fiscal year ended March 31, 2017 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 24, 2017

/S/ SHAWN DUFFY
Shawn Duffy
Chief Financial Officer