# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-Q

**(Mark One)**

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

**For the quarterly period ended October 1, 2010.**

**OR**

o **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**<br>**(State or other jurisdiction of incorporation or organization)** | **33-0174996**<br>**(I.R.S. Employer Identification No.)** |

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

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

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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No o

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

| | | | |
|---|---|---|---|
| Large accelerated filer ☑ | Accelerated filer o | Non-accelerated filer o<br>(Do not check if a smaller reporting company) | Smaller reporting company o |

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

The number of shares outstanding of the registrant’s common stock, $0.0001 par value, as of November 2, 2010 was 41,058,479.

**VIASAT, INC.**

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**PART I — FINANCIAL INFORMATION**

**Item 1. Financial Statements (Unaudited)**

**VIASAT, INC.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(UNAUDITED)**

| | As of October 1, 2010 | As of April 2, 2010 |
|---|---|---|
| | (In thousands) | |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 53,781 | $ 89,631 |
| Accounts receivable, net | 171,944 | 176,351 |
| Inventories | 88,215 | 82,962 |
| Deferred income taxes | 17,346 | 17,346 |
| Prepaid expenses and other current assets | 23,583 | 28,857 |
| Total current assets | 354,869 | 395,147 |
| Satellites, net | 531,108 | 495,689 |
| Property and equipment, net | 189,129 | 155,804 |
| Other acquired intangible assets, net | 91,383 | 89,389 |
| Goodwill | 83,341 | 75,024 |
| Other assets | 83,821 | 82,499 |
| Total assets | $ 1,333,651 | $ 1,293,552 |
| **LIABILITIES AND EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 73,250 | $ 78,355 |
| Accrued liabilities | 108,689 | 102,251 |
| Current portion of other long-term debt | 471 | — |
| Total current liabilities | 182,410 | 180,606 |
| Senior Notes due 2016, net | 272,048 | 271,801 |
| Other long-term debt | 47,233 | 60,000 |
| Other liabilities | 30,200 | 24,395 |
| Total liabilities | 531,891 | 536,802 |
| Commitments and contingencies (Note 9) | | |
| Equity: | | |
| ViaSat, Inc. stockholders’ equity | | |
| Common stock | 4 | 4 |
| Paid-in capital | 580,235 | 545,962 |
| Retained earnings | 229,654 | 218,607 |
| Common stock held in treasury | (13,911) | (12,027) |
| Accumulated other comprehensive income | 1,879 | 459 |
| Total ViaSat, Inc. stockholders’ equity | 797,861 | 753,005 |
| Noncontrolling interest in subsidiary | 3,899 | 3,745 |
| Total equity | 801,760 | 756,750 |
| Total liabilities and equity | $ 1,333,651 | $ 1,293,552 |

See accompanying notes to condensed consolidated financial statements.

# VIASAT, INC.
## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
## (UNAUDITED)

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | October 1, 2010 | October 2, 2009 | October 1, 2010 | October 2, 2009 |
| | (In thousands, except per share data) | | | |
| Revenues: | | | | |
| Product revenues | $ 127,586 | $ 151,342 | $ 252,588 | $ 300,743 |
| Service revenues | 70,303 | 9,324 | 137,305 | 18,331 |
| Total revenues | 197,889 | 160,666 | 389,893 | 319,074 |
| Operating expenses: | | | | |
| Cost of product revenues | 88,451 | 104,825 | 183,165 | 210,397 |
| Cost of service revenues | 41,697 | 6,831 | 80,759 | 12,972 |
| Selling, general and administrative | 41,952 | 28,927 | 80,873 | 55,843 |
| Independent research and development | 7,622 | 6,692 | 14,936 | 13,695 |
| Amortization of acquired intangible assets | 5,094 | 1,362 | 9,704 | 2,867 |
| Income from operations | 13,073 | 12,029 | 20,456 | 23,300 |
| Other income (expense): | | | | |
| Interest income | 63 | 101 | 202 | 198 |
| Interest expense | (950) | (230) | (3,091) | (409) |
| Income before income taxes | 12,186 | 11,900 | 17,567 | 23,089 |
| Provision for income taxes | 4,385 | 2,808 | 6,366 | 5,705 |
| Net income | 7,801 | 9,092 | 11,201 | 17,384 |
| Less: Net income (loss) attributable to the noncontrolling interest, net of tax | 15 | (83) | 154 | (60) |
| Net income attributable to ViaSat, Inc. | $ 7,786 | $ 9,175 | $ 11,047 | $ 17,444 |
| Basic net income per share attributable to ViaSat, Inc. common stockholders | $ .19 | $ .29 | $ .27 | $ .56 |
| Diluted net income per share attributable to ViaSat, Inc. common stockholders | $ .18 | $ .28 | $ .26 | $ .53 |
| Shares used in computing basic net income per share | 40,640 | 31,616 | 40,304 | 31,407 |
| Shares used in computing diluted net income per share | 42,717 | 33,047 | 42,466 | 32,916 |

See accompanying notes to condensed consolidated financial statements.

# VIASAT, INC.
## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
## (UNAUDITED)

| | Six Months Ended October 1, 2010. | Six Months Ended October 2, 2009 |
|---|---|---|
| | (In thousands) | |
| Cash flows from operating activities: | | |
| Net income | $ 11,201 | $ 17,384 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 40,983 | 9,901 |
| Amortization of intangible assets | 9,720 | 2,902 |
| Deferred income taxes | 6,220 | 405 |
| Stock-based compensation expense | 8,313 | 5,094 |
| Other non-cash adjustments | 3,693 | (372) |
| Increase (decrease) in cash resulting from changes in operating assets and liabilities, net of effect of acquisition: | | |
| Accounts receivable | 6,018 | (42,544) |
| Inventories | (3,743) | (1,738) |
| Other assets | 3,550 | 449 |
| Accounts payable | (2,067) | (3,481) |
| Accrued liabilities | 9,768 | 13,187 |
| Other liabilities | 2,430 | (275) |
| Net cash provided by operating activities | 96,086 | 912 |
| Cash flows from investing activities: | | |
| Purchase of property, equipment and satellites | (109,518) | (55,784) |
| Payment related to acquisition of business, net of cash acquired | (13,456) | — |
| Cash paid for patents, licenses and other assets | (8,427) | (5,886) |
| Net cash used in investing activities | (131,401) | (61,670) |
| Cash flows from financing activities: | | |
| Payments on line of credit | (30,000) | — |
| Proceeds from line of credit borrowings | 15,000 | 80,000 |
| Payment of debt issuance costs | — | (2,869) |
| Proceeds from issuance of common stock under equity plans | 16,234 | 4,399 |
| Purchase of common stock in treasury | (1,884) | (1,299) |
| Incremental tax benefits from stock-based compensation | — | 525 |
| Net cash (used in) provided by financing activities | (650) | 80,756 |
| Effect of exchange rate changes on cash | 115 | 395 |
| Net (decrease) increase in cash and cash equivalents | (35,850) | 20,393 |
| Cash and cash equivalents at beginning of period | 89,631 | 63,491 |
| Cash and cash equivalents at end of period | $ 53,781 | $ 83,884 |
| Non-cash investing and financing activities: | | |
| Issuance of common stock in satisfaction of certain accrued employee compensation liabilities | $ 5,096 | $ 5,090 |
| Issuance of common stock in connection with acquisition | $ 4,630 | $ — |
| Equipment acquired under capital lease | $ 2,704 | $ — |

See accompanying notes to condensed consolidated financial statements.

# VIASAT, INC.
## CONDENSED CONSOLIDATED STATEMENT OF EQUITY AND COMPREHENSIVE INCOME (UNAUDITED)
## (In thousands, except share data)

| | ViaSat, Inc. Stockholders | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Common Stock | | | | Common Stock in Treasury | | Accumulated Other | | | |
| | Number of Shares Issued | Amount | Paid-in Capital | Retained Earnings | Number of Shares | Amount | Comprehensive Income (Loss) | Noncontrolling Interest | Total | Comprehensive Income |
| Balance at April 2, 2010 | 40,199,770 | $ 4 | $ 545,962 | $ 218,607 | (407,137) | $ (12,027) | $ 459 | $ 3,745 | $ 756,750 | |
| Exercise of stock options | 668,934 | — | 14,292 | — | — | — | — | — | 14,292 | |
| Issuance of stock under Employee Stock Purchase Plan | 73,503 | — | 1,942 | — | — | — | — | — | 1,942 | |
| Stock-based compensation expense | — | — | 8,313 | — | — | — | — | — | 8,313 | |
| Shares issued in settlement of certain accrued employee compensation liabilities | 162,870 | — | 5,096 | — | — | — | — | — | 5,096 | |
| RSU awards vesting | 159,235 | — | — | — | — | — | — | — | — | |
| Purchase of treasury shares pursuant to vesting of certain RSU agreements | — | — | — | — | (58,380) | (1,884) | — | — | (1,884) | |
| Shares issued in connection with acquisition of business, net of issuance costs | 144,962 | — | 4,630 | — | — | — | — | — | 4,630 | |
| Net income | — | — | — | 11,047 | — | — | — | 154 | 11,201 | $ 11,201 |
| Hedging transactions, net of tax | — | — | — | — | — | — | 280 | — | 280 | 280 |
| Foreign currency translation, net of tax | — | — | — | — | — | — | 1,140 | — | 1,140 | 1,140 |
| Comprehensive income | | | | | | | | | | $ 12,621 |
| Balance at October 1, 2010 | 41,409,274 | $ 4 | $ 580,235 | $ 229,654 | (465,517) | $ (13,911) | $ 1,879 | $ 3,899 | $ 801,760 | |

See accompanying notes to condensed consolidated financial statements.

**VIASAT, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(UNAUDITED)**

**Note 1 — Basis of Presentation**

The accompanying condensed consolidated balance sheet at October 1, 2010, the condensed consolidated statements of operations for the three and six months ended October 1, 2010 and October 2, 2009, the condensed consolidated statements of cash flows for the six months ended October 1, 2010 and October 2, 2009, and the condensed consolidated statement of equity and comprehensive income for the six months ended October 1, 2010 have been prepared by the management of ViaSat, Inc. (the Company), and have not been audited. These financial statements have been prepared on the same basis as the audited consolidated financial statements for the fiscal year ended April 2, 2010 and, in the opinion of management, include all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the Company's results for the periods presented. These financial statements should be read in conjunction with the financial statements and notes thereto for the fiscal year ended April 2, 2010 included in the Company's Annual Report on Form 10-K. Interim operating results are not necessarily indicative of operating results for the full year. The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America (GAAP).

The Company's condensed consolidated financial statements include the assets, liabilities and results of operations of ViaSat and its wholly owned subsidiaries and of TrellisWare Technologies, Inc. (TrellisWare), a majority-owned subsidiary. All significant intercompany amounts have been eliminated.

The Company's fiscal year is the 52 or 53 weeks ending on the Friday closest to March 31 of the specified year. For example, references to fiscal year 2011 refer to the fiscal year ending on April 1, 2011. The Company's quarters for fiscal year 2011 end on July 2, 2010, October 1, 2010, December 31, 2010 and April 1, 2011. This results in a 53 week fiscal year approximately every four to five years. Fiscal years 2011 and 2010 are both 52 week years.

During the second quarter of fiscal year 2011, the Company completed the acquisition of Stonewood Group Limited, a privately held company registered in England and Wales (Stonewood). During the third quarter of fiscal year 2010, the Company completed the acquisition of WildBlue Holding, Inc., a privately held Delaware corporation (WildBlue). The acquisitions were accounted for as purchases and accordingly, the condensed consolidated financial statements include the operating results of Stonewood and WildBlue from the dates of acquisition (see Note 11).

The preparation of financial statements in conformity with 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 accrual, valuation of goodwill and other intangible assets, patents, orbital slots and orbital licenses, software development, property, equipment and satellites, long-lived assets, derivatives, income taxes and valuation allowance on deferred tax assets.

***Property, equipment and satellites***

Equipment, computers and software, furniture and fixtures and the Company's satellite and related gateway equipment under construction are recorded at cost, net of accumulated depreciation. The Company computes depreciation using the straight-line method over the estimated useful lives of the assets ranging from two to twenty-four 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. Additions to property, equipment and satellites, together with major renewals and betterments, are capitalized. Maintenance, repairs and minor renewals and betterments are charged to expense. 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.

Satellite construction costs, including launch services and insurance, are generally procured under long-term contracts that provide for payments over the contract periods and are capitalized as incurred. The Company is also constructing gateway facilities and network operations systems to support the satellite under construction and these construction costs are capitalized as incurred. Interest expense is capitalized on the carrying value of the satellite and related gateway and networking equipment during the construction period. With respect to ViaSat-1, the Company's high-capacity satellite and other assets currently under construction, the Company capitalized $6.7 million and $12.7 million of interest expense during the three and six months ended October 1, 2010, respectively. The Company capitalized $1.2 million of interest expense during the three and six months ended October 2, 2009.

As a result of the acquisition of WildBlue on December 15, 2009 (see Note 11), the Company acquired the WildBlue-1 satellite (which was placed into service in March 2007) and an exclusive prepaid lifetime capital lease of Ka-band capacity over the continental United States on Telesat Canada's Anik F2 satellite (which was placed into service in April 2005) and related gateway equipment on both satellites. The acquired assets also included the indoor and outdoor customer premise equipment (CPE) units leased to subscribers under WildBlue's retail leasing program. The Company depreciates the satellites, gateway 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 October 1, 2010 was $52.0 million and $11.5 million, respectively. The total cost and accumulated depreciation of CPE units included in property and equipment as of April 2, 2010 was $41.5 million and $4.2 million, respectively.

Occasionally, the Company may enter into capital lease arrangements for various machinery, equipment, computer-related equipment, software, furniture or fixtures. As of October 1, 2010, assets under capital leases totaled approximately $2.7 million. During the three and six months ended October 1, 2010, the Company recorded immaterial amounts of capital lease amortization in depreciation expense. There were no assets under capital lease as of April 1, 2010 and no capital lease amortization for the three and six months ended October 2, 2009.

***Patents, orbital slots and orbital licenses***

The Company capitalizes the costs of obtaining or acquiring patents, orbital slots and orbital 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 and $3.0 million related to patents were included in other assets as of October 1, 2010 and April 2, 2010, respectively. Accumulated amortization related to these patents was $0.3 million as of October 1, 2010 and April 2, 2010. Amortization expense related to these patents was less than $0.1 million for each of the three and six months ended October 1, 2010 and October 2, 2009. The Company also capitalized $5.4 million and $5.2 million of costs related to acquiring and obtaining licenses that were included in other assets as of October 1, 2010 and April 2, 2010, respectively, related to orbital slots and orbital licenses that have not yet been placed into service. If a patent, orbital slot or orbital license is rejected, abandoned or otherwise invalidated, the unamortized cost is expensed in that period.

***Debt issuance costs***

Debt issuance costs are amortized and recognized as interest expense on a straight-line basis over the expected term of the related debt, which is not materially different from the effective interest rate basis. During the three and six months ended October 1, 2010, the Company did not pay or capitalize any debt issuance costs. During the three and six months ended October 2, 2009, the Company paid and capitalized approximately $0.6 million and $2.9 million, respectively, in debt issuance costs related to the Company's revolving credit facility (the Credit Facility). Unamortized debt issuance costs are recorded in prepaid expenses and other current assets and in other long-term assets in the condensed consolidated balance sheets, depending on the amounts expected to be amortized to interest expense in the next fiscal year.

***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. The Company capitalized $4.1 million and $8.0 million of costs related to software developed for resale for the three and six months ended October 1, 2010, respectively. The Company capitalized $2.5 million and $2.9 million of costs related to software developed for resale for the three and six months ended October 2, 2009, respectively. There was no amortization expense of software development costs for the three and six months ended October 1, 2010 and October 2, 2009.

**VIASAT, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(UNAUDITED)**

***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 policies 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 policy year. Based on these actuarial methods, along with currently available information and insurance industry statistics, the Company's self-insurance liability for the plans was $1.6 million and $1.4 million as of October 1, 2010 and April 2, 2010, 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 current 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 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 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 October 1, 2010 and April 2, 2010, no such amounts were accrued.

Simultaneously with the execution of the merger agreement relating to the acquisition of WildBlue, the Company entered into an indemnification agreement dated September 30, 2009 with several of the former stockholders of WildBlue pursuant to which such former stockholders agreed to indemnify the Company for costs which result from, relate to or arise out of potential claims and liabilities under various WildBlue contracts, an existing appraisal action regarding WildBlue's 2008 recapitalization, certain rights to acquire securities of WildBlue and a severance agreement. Under the indemnification agreement, the Company is required to pay up to $0.5 million and has recorded a liability of $0.5 million in the condensed consolidated balance sheets as of October 1, 2010 and April 2, 2010 as an element of accrued liabilities.

***Noncontrolling interest***

A noncontrolling interest, previously referred to as minority 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 or loss and other comprehensive income are reported in the condensed consolidated financial statements at the consolidated amounts, which include the amounts attributable to both the controlling and noncontrolling interest.

***Common stock held in treasury***

During the first six months of fiscal year 2011 and during fiscal year 2010, the Company delivered 159,235 and 234,039 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 delivery of common stock underlying these restricted stock unit agreements, the Company repurchased 58,380 and 88,438 shares of common stock with a total value of $1.9 million and $2.3 million during the first six months of fiscal year 2011 and during fiscal year 2010, respectively.

On January 4, 2010, the Company repurchased 251,731 shares of the Company's common stock from Intelsat USA Sales Corp for $8.0 million in cash. Repurchased shares of common stock of 465,517 and 407,137 were held in treasury as of October 1, 2010 and April 2, 2010, respectively.

***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 interest income (expense) as gains (losses) on derivative instruments. Gains and losses arising from the

VIASAT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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effective portion of foreign currency forward and option contracts that 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.

The fair values of the Company's outstanding foreign currency forward contracts as of October 1, 2010 were as follows:

| | Asset Derivatives | | Liability Derivatives | |
|---|---|---|---|---|
| | Balance Sheet Classification | Fair Value | Balance Sheet Classification | Fair Value |
| | (In thousands) | | | |
| **Derivatives designated as hedging instruments** | | | | |
| Foreign currency forward contracts | Other assets | $ 280 | Other liabilities | $ — |
| **Total derivatives designated as hedging instruments** | | $ 280 | | $ — |

The Company had no foreign currency forward contracts outstanding as of April 2, 2010 and therefore there was no balance in the Company's accumulated other comprehensive income related to hedging transactions as of April 2, 2010. The notional value of foreign currency forward contracts outstanding as of October 1, 2010 was $11.7 million.

The effects of foreign currency forward contracts in cash flow hedging relationships during the three months ended October 1, 2010 were as follows:

| Derivatives in Cash Flow Hedging Relationships | Amount of Gain or (Loss) Recognized in Accumulated OCI on Derivative (Effective Portion) | Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) | Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) | Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) | Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) |
|---|---|---|---|---|---|
| | | | (In thousands) | | |
| Foreign currency forward contracts | $ 369 | Cost of Goods Sold | $ 211 | Other income/expense | $ — |
| **Total** | $ 369 | | $ 211 | | $ — |

The effects of foreign currency forward contracts in cash flow hedging relationships during the six months ended October 1, 2010 were as follows:

| Derivatives in Cash Flow Hedging Relationships | Amount of Gain or (Loss) Recognized in Accumulated OCI on Derivative (Effective Portion) | Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) | Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) | Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) | Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) |
|---|---|---|---|---|---|
| | | | (In thousands) | | |
| Foreign currency forward contracts | $ 280 | Cost of Goods Sold | $ 202 | Other income/expense | $ — |
| **Total** | $ 280 | | $ 202 | | $ — |

During the three and six months ended October 2, 2009, the Company did not settle any foreign currency forward contracts; therefore, there were no realized gains or losses during the three and six months ended October 2, 2009 related to derivative instruments.

At October 1, 2010, the estimated net existing income that is expected to be reclassified into income within the next twelve months is approximately $0.3 million. Foreign currency forward contracts usually mature within approximately twelve months from their

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

inception. There were no gains or losses from ineffectiveness of these financial instruments recorded for the three and six months ended October 1, 2010 and October 2, 2009.

***Stock-based compensation***

The Company records compensation expense associated with stock options, restricted stock unit awards and other stock-based compensation in accordance with the authoritative guidance for share-based payments (Statements of Financial Accounting Standards (SFAS) No. 123R (SFAS 123R), “Share-Based Payment” / ASC 718). The Company recognizes these compensation costs on a straight-line basis over the requisite service period of the award. The Company recognized $4.1 million and $8.3 million of stock-based compensation expense for the three and six months ended October 1, 2010, respectively. The Company recognized $2.5 million and $5.1 million of stock-based compensation expense for the three and six months ended October 2, 2009, respectively.

For the six months ended October 1, 2010 the Company recorded no incremental tax benefits from stock options exercised and restricted stock unit award vesting as the excess tax benefit from stock options exercised and restricted stock unit award vesting increased the Company’s net operating loss carryforward. The Company recorded incremental tax benefits from stock options exercised and restricted stock unit awards vesting of $0.5 million for the six months ended October 2, 2009 which were classified as part of cash flows from financing activities in the condensed consolidated statements of cash flows.

***Income taxes***

Accruals for uncertain tax positions are provided for in accordance with the authoritative guidance for accounting for uncertainty in income taxes (Financial Accounting Standards Board (FASB) Interpretation No. 48 (FIN 48), “Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109” / 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 current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and income tax disclosures.

Current income tax expense is the amount of income taxes expected to be payable for the current year. 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. Deferred income tax expense (benefit) is the net change during the year in the deferred income tax asset or liability.

***Recent authoritative guidance***

In October 2009, the FASB issued authoritative guidance for revenue recognition with multiple deliverables (Emerging Issues Task Force 08-1 (EITF 08-1), “Revenue Arrangements with Multiple Deliverables”). This new guidance impacts the determination of when the individual deliverables included in a multiple-element arrangement may be treated as separate units of accounting. Additionally, this guidance modifies the manner in which the transaction consideration is allocated across the separately identified deliverables by no longer permitting the residual method of allocating arrangement consideration. This guidance will be effective for the Company beginning in the first quarter of fiscal year 2012; however, early adoption is permitted. The Company is currently evaluating the impact that the authoritative guidance may have on its consolidated financial statements and disclosures.

**Note 2 — Revenue Recognition**

A substantial portion of the Company’s revenues are 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 authoritative guidance for the percentage-of-completion method of accounting (the AICPA’s Statement of Position 81-1 (SOP 81-1), “Accounting for Performance of Construction-Type and Certain Production-Type Contracts” / 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

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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.

In June 2010, the Company 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, the Company determined that significant additional rework was required in order to complete the program requirements and specifications and to prepare for a scheduled customer test in the Company's fiscal second quarter. This additional rework and engineering effort resulted in a substantial increase in estimated labor and material costs to complete the program. Accordingly, the Company recorded an additional forward loss of $8.5 million in the three months ended July 2, 2010 related to this estimate of program costs. While the Company believes the additional forward loss is adequate to cover known risks to date and that steps taken to improve the program performance will be effective, the program is on going and the Company's efforts and the end results must be satisfactory to the customer. The Company believes that its estimate of costs to complete the program is appropriate based on known information, but cannot provide absolute assurance that additional costs will not be incurred. Including this program, during the three months ended October 1, 2010 and October 2, 2009, the Company recorded losses of approximately $0.5 million and $3.7 million, respectively, related to loss contracts. Including this program, during the six months ended October 1, 2010 and October 2, 2009, the Company recorded losses of approximately $9.2 million and $5.1 million, respectively, related to loss contracts.

Related to the additional forward loss recorded in the first quarter of fiscal year 2011 for the government satellite communications program, the Company also evaluated whether the loss indicated a significant change in the business climate of the respective reporting unit and determined there were no significant changes as of October 1, 2010.

The Company also has contracts and purchase orders where revenue is recorded on delivery of products or performance of services in accordance with authoritative guidance for revenue recognition (Staff Accounting Bulletin No. 104, "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 (SFAS 13, "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 property 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 property for a price which is sufficiently lower than the expected fair value of the property 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.

When a sale involves multiple elements, such as sales of products that include services, the entire fee from the arrangement is allocated to each respective element based on its relative fair value in accordance with authoritative guidance for accounting for multiple element revenue arrangements, (EITF 00-21, "Accounting for Multiple Element Revenue Arrangements" / ASC 605-25), and recognized when the applicable revenue recognition criteria for each element have been met. The amount of product and service revenue recognized is impacted by the Company's judgments as to whether an arrangement includes multiple elements and, if so, whether sufficient objective and reliable evidence of fair value exists for those elements. Changes to the elements in an arrangement and the Company's ability to establish evidence for those elements could affect the timing of the revenue recognition.

In accordance with authoritative guidance for shipping and handling fees and costs (EITF 00-10, "Accounting 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 are recorded as a component of cost of revenues.

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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 twelve months. Amounts for obligations extending beyond the twelve months are recorded within other liabilities in the consolidated financial statements.

Contract costs on U.S. government contracts, including indirect costs, are subject to audit and negotiations with U.S. government representatives. These audits have been completed and agreed upon through fiscal year 2002. Contract revenues and accounts receivable are stated at amounts which are expected to be realized upon final settlement.

**Note 3 — Fair Value Measurements**

In accordance with the authoritative guidance for financial assets and liabilities measured at fair value on a recurring basis (SFAS 157, "Fair Value Measurements" / 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 instruments valuation.

Effective April 4, 2009, the Company adopted the authoritative guidance for non-financial assets and liabilities that are remeasured at fair value on a non-recurring basis without material impact on its consolidated financial statements and disclosures.

The following tables present the Company's hierarchy for its assets and liabilities measured at fair value on a recurring basis as of October 1, 2010 and April 2, 2010:

| | Fair Value at October 1, 2010 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| | | (In thousands) | | |
| Assets | | | | |
| Cash equivalents | $ 5,499 | $ 4,273 | $ 1,226 | $ — |
| Foreign currency forward contracts | 280 | — | 280 | $ — |
| Total assets measured at fair value on a recurring basis | $ 5,779 | $ 4,273 | $ 1,506 | $ — |

| | Fair Value at April 2, 2010 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| | | (In thousands) | | |
| Assets | | | | |
| Cash equivalents | $ 16,250 | $ 14,810 | $ 1,440 | $ — |
| Total assets measured at fair value on a recurring basis | $ 16,250 | $ 14,810 | $ 1,440 | $ — |

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 and certified deposit investments. Money market funds are valued using quoted prices for identical assets in an active market with sufficient volume and frequency of transactions (Level 1). Certified deposit investments are valued based on quoted prices for similar assets, quoted prices in markets with insufficient volume or infrequent transactions (less active markets), or brokers' model driven valuations in which all significant inputs are observable or can be obtained from or corroborated by observable market data for substantially the full term of the assets (Level 2).

*Foreign currency forward exchange 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 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

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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 quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.

*Long-term debt* - As of October 1, 2010 and April 2, 2010, the Company's long-term debt consisted of borrowings under the Credit Facility, reported at the borrowed outstanding amount with current accrued interest, and the Company's 8.875% Senior Notes due 2016 (the Notes) reported at amortized cost. However, for disclosure purposes, the Company is required to measure the fair value of outstanding debt on a recurring basis. The fair value of the Company's long-term debt related to the Notes is determined using quoted prices in active markets and was approximately $296.0 million and $281.2 million as of October 1, 2010 and April 2, 2010, respectively. The fair value of the Company's long-term debt related to the Credit Facility approximates its carrying amount due to its variable interest rate on the revolving line of credit which approximates a market interest rate. The fair value of the Company's capital leases approximates its carrying amount due to the proximity of the leases' origination date to the reporting date.

**Note 4 — Shares Used In Computing Diluted Net Income Per Share**

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | October 1, 2010 | October 2, 2009 | October 1, 2010 | October 2, 2009 |
| | (In thousands) | | | |
| **Weighted average:** | | | | |
| Common shares outstanding used in calculating basic net income per share attributable to ViaSat, Inc. common stockholders | 40,639,570 | 31,616,070 | 40,303,964 | 31,406,944 |
| Options to purchase common stock as determined by application of the treasury stock method | 1,625,078 | 1,189,275 | 1,624,265 | 1,145,827 |
| Restricted stock units to acquire common stock as determined by application of the treasury stock method | 385,532 | 165,424 | 410,353 | 233,424 |
| Potentially issuable shares in connection with certain terms of the amended ViaSat 401(k) Profit Sharing Plan and Employee Stock Purchase Plan equivalents | 67,244 | 75,780 | 127,727 | 130,068 |
| Shares used in computing diluted net income per share attributable to ViaSat, Inc. common stockholders | 42,717,424 | 33,046,549 | 42,466,309 | 32,916,263 |

Antidilutive shares relating to stock options excluded from the calculation were 348,997 and 347,348 shares for the three and six months ended October 1, 2010, respectively. Antidilutive shares relating to stock options excluded from the calculation were 1,154,215 and 1,276,483 shares for the three and six months ended October 2, 2009, respectively.

Antidilutive shares relating to restricted stock units excluded from the calculation were 1,055 and 527 shares for the three and six months ended October 1, 2010, respectively. Antidilutive shares relating to restricted stock units excluded from the calculation were 211 and 106 shares for the three and six months ended October 2, 2009, respectively.

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## Note 5 — Composition of Certain Balance Sheet Captions

| | As of October 1, 2010 | As of April 2, 2010 |
|---|---|---|
| | (In thousands) | |
| Accounts receivable, net: | | |
| Billed | $ 86,781 | $ 93,737 |
| Unbilled | 85,713 | 83,153 |
| Allowance for doubtful accounts | (550) | (539) |
| | $ 171,944 | $ 176,351 |
| Inventories: | | |
| Raw materials | $ 45,055 | $ 36,255 |
| Work in process | 20,197 | 21,345 |
| Finished goods | 22,963 | 25,362 |
| | $ 88,215 | $ 82,962 |
| Prepaid expenses and other current assets: | | |
| Prepaid expenses | $ 15,831 | $ 13,239 |
| Income tax receivable | 2,930 | 9,022 |
| Other | 4,822 | 6,596 |
| | $ 23,583 | $ 28,857 |
| Satellites, net: | | |
| Satellite — WildBlue-1 (estimated useful life of 10 years) | $ 195,890 | $ 195,890 |
| Capital lease of satellite capacity — Anik F2 (estimated useful life of 10 years) | 99,090 | 99,090 |
| Satellite under construction | 259,766 | 209,432 |
| | 554,746 | 504,412 |
| Less accumulated depreciation and amortization | (23,638) | (8,723) |
| | $ 531,108 | $ 495,689 |
| Property and equipment, net: | | |
| Machinery and equipment (estimated useful life of 2-5 years) | $ 106,531 | $ 96,484 |
| Computer equipment and software (estimated useful life of 3-5 years) | 59,838 | 55,384 |
| CPE leased equipment (estimated useful life of 3-5 years) | 52,010 | 41,469 |
| Furniture and fixtures (estimated useful life of 7 years) | 11,671 | 10,760 |
| Leasehold improvements (estimated useful life of 2-11 years) | 23,526 | 20,119 |
| Building (estimated useful life of 24 years) | 8,923 | 8,923 |
| Land | 4,384 | 4,384 |
| Construction in progress | 47,990 | 18,578 |
| | 314,873 | 256,101 |
| Less accumulated depreciation and amortization | (125,744) | (100,297) |
| | $ 189,129 | $ 155,804 |
| Other acquired intangible assets, net: | | |
| Technology (estimated useful life of 3-9 years) | $ 54,085 | $ 44,552 |
| Contracts and customer relationships (estimated useful life of 3-10 years) | 88,784 | 86,707 |
| Non-compete agreement (estimated useful life of 3-5 years) | 9,318 | 9,098 |
| Satellite co-location rights (estimated useful life of 10 years) | 8,600 | 8,600 |
| Trade name (estimated useful life of 3 years) | 5,680 | 5,680 |
| Other intangibles (estimated useful life of 8 months to 10 years) | 9,328 | 9,326 |
| | 175,795 | 163,963 |
| Less accumulated amortization | (84,412) | (74,574) |
| | $ 91,383 | $ 89,389 |
| Accrued liabilities: | | |
| Warranty reserve, current portion | $ 6,720 | $ 6,410 |
| Accrued vacation | 13,980 | 13,437 |
| Accrued employee compensation | 11,024 | 17,268 |
| Collections in excess of revenues and deferred revenues | 53,856 | 46,180 |
| Other | 23,109 | 18,956 |
| | $ 108,689 | $ 102,251 |

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**Note 6 — Goodwill and Acquired Intangible Assets**

During fiscal year 2011, the Company's goodwill increased by approximately $8.3 million, of which $7.9 million was related to the acquisition of Stonewood which was recorded within the Company's government systems segment. The remaining increase of $0.4 million was related to foreign currency translation of which $0.3 million was recorded within the Company's government systems segment and $0.1 million was recorded within the Company's commercial networks segment.

The other acquired intangible assets are amortized using the straight-line method over their estimated useful lives of eight months to ten years. Amortization expense was $5.1 million and $1.4 million for the three months ended October 1, 2010 and October 2, 2009, respectively, and $9.7 million and $2.9 million for the six months ended October 1, 2010 and October 2, 2009, respectively.

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

| | Amortization (In thousands) |
|---|---|
| For the six months ended October 1, 2010 | $ 9,704 |
| | |
| Expected for the remainder of fiscal year 2011 | $ 9,848 |
| Expected for fiscal year 2012 | 18,898 |
| Expected for fiscal year 2013 | 15,788 |
| Expected for fiscal year 2014 | 14,044 |
| Expected for fiscal year 2015 | 13,968 |
| Thereafter | 18,837 |
| | $ 91,383 |

**Note 7 — Senior Notes and Other Long-Term Debt**

Total long-term debt consisted of the following as of October 1, 2010 and April 2, 2010:

| | As of October 1, 2010 | As of April 2, 2010 |
|---|---|---|
| | (In thousands) | |
| ***Senior Notes Due 2016 (the Notes)*** | | |
| Notes | $ 275,000 | $ 275,000 |
| Unamortized discount on the Notes | (2,952) | (3,199) |
| Total Notes, net of discount | 272,048 | 271,801 |
| Less: current portion of the Notes | — | — |
| Total Notes long-term, net | 272,048 | 271,801 |
| | | |
| ***Other Long-Term Debt*** | | |
| Line of credit | 45,000 | 60,000 |
| Capital lease obligations, due 2013, interest rate 4.78% | 2,704 | — |
| Total other long-term debt | 47,704 | 60,000 |
| Less: current portion of other long-term debt | 471 | — |
| Other long-term debt, net | 47,233 | 60,000 |
| | | |
| Total debt | 319,752 | 331,801 |
| Less: current portion | 471 | — |
| Long-term debt, net | $ 319,281 | $ 331,801 |

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The aggregate payments on the Company's long-term debt obligations excluding the effects of discount accretion on its $275.0 million of Notes are as follows:

| For the Fiscal Years Ending, | (In thousands) |
|---|---|
| For the remainder of fiscal year 2011 | $ — |
| 2012 | 1,173 |
| 2013 | 46,173 |
| 2014 | 586 |
| 2015 | — |
| Thereafter | 275,000 |
| | 322,932 |
| Less: imputed interest | 228 |
| Less: unamortized discount on the Notes | 2,952 |
| Total | $ 319,752 |

***Senior Notes due 2016***

On October 22, 2009, the Company issued $275.0 million in principal amount of Notes in a private placement to institutional buyers, which Notes were exchanged in May 2010 for substantially identical Notes that had been registered with the Securities and Exchange Commission (SEC). The Notes bear interest at the rate of 8.875% per year, payable semi-annually in cash in arrears, which interest payments commenced in March 2010. The Notes were issued with an original issue discount of 1.24%, or $3.4 million. The Notes are recorded as long-term debt, net of original issue discount, in the Company's consolidated financial statements. The original issue discount and deferred financing cost associated with the issuance of the Notes is amortized to interest expense on a straight-line basis over the term of the Notes.

The Notes are guaranteed on an unsecured senior basis by each of the Company's existing and future subsidiaries that guarantees the Credit Facility. The Notes and the guarantees are the Company's and the guarantors' general senior unsecured obligations and rank equally in right of payment with all of the Company's existing and future unsecured unsubordinated debt. The Notes and the guarantees are effectively junior in right of payment to their existing and future secured debt, including under the Credit Facility (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 are not guarantors of the Notes, and are senior in right of payment to all of their existing and future subordinated indebtedness.

The indenture agreement governing the 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.

Prior to September 15, 2012, the Company may redeem up to 35% of the Notes at a redemption price of 108.875% of the principal amount thereof, plus accrued and unpaid interest, if any, thereon to the redemption date, from the net cash proceeds of specified equity offerings. The Company may also redeem the Notes prior to September 15, 2012, in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus the applicable premium and any accrued and unpaid interest, if any, thereon to the redemption date. The applicable premium is calculated as the greater of: (i) 1.0% of the principal amount of such Notes and (ii) the excess, if any, of (a) the present value at such date of redemption of (1) the redemption price of such Notes on September 15, 2012 plus (2) all required interest payments due on such Notes through September 15, 2012 (excluding accrued but unpaid interest to the date of redemption), computed using a discount rate equal to the treasury rate (as defined under the indenture) plus 50 basis points, over (b) the then-outstanding principal amount of such Notes. The Notes may be redeemed, in whole or in part, at any time during the twelve months beginning on September 15, 2012 at a redemption price of 106.656%, during the twelve months beginning on September 15, 2013 at a redemption price of 104.438%, during the twelve months beginning on September 15, 2014 at a redemption price of 102.219%, and at any time on or after September 12, 2015 at a redemption price of 100%, in each case plus accrued and unpaid interest, if any, thereon to the redemption date.

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In the event a change of control occurs (as defined under the indenture), each holder will have the right to require the Company to repurchase all or any part (equal to $2,000 or larger integral multiples of $1,000) of such holder's Notes at a purchase price in cash equal to 101% of the aggregate principal amount of the 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).

***Credit Facility***

The Credit Facility, as amended, provides a revolving line of credit of $275.0 million (including up to $35.0 million of letters of credit), which facility matures on July 1, 2012. Borrowings under the 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) at the Eurodollar rate plus, in the case of each of (1) and (2), an applicable margin that is based on the ratio of the Company's debt to earnings before interest, taxes, depreciation and amortization (EBITDA). At October 1, 2010, the weighted average effective interest rate on the Company's outstanding borrowings under the Credit Facility was 4.29%. The Company has capitalized certain amounts of interest expense on the Credit Facility in connection with the construction of ViaSat-1 and other assets currently under construction. The Credit Facility is guaranteed by certain of the Company's domestic subsidiaries and collateralized by substantially all of the Company's and the guarantors' assets.

The Credit Facility contains financial covenants regarding a maximum leverage ratio, a maximum senior secured leverage ratio and a minimum interest coverage ratio. In addition, the 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 Credit Facility as of October 1, 2010. At October 1, 2010, the Company had $45.0 million in principal amount of outstanding borrowings under the Credit Facility and $13.4 million outstanding under standby letters of credit, leaving borrowing availability under the Credit Facility of $216.6 million.

***Capital Leases***

Occasionally the Company may enter into capital lease agreements for various machinery, equipment, computer-related equipment, software, furniture or fixtures. As of October 1, 2010, the Company had approximately $2.7 million outstanding under capital leases payable over a weighted average period of 36 months. These lease agreements bear interest at a weighted average rate of 4.78% and can be extended on a month-to-month basis after the original term. The Company had no capital lease arrangements as of April 2, 2010.

**Note 8 — 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 twelve months are classified as a current liability. 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 cost, the Company bases its estimates on its experience with the technology involved and the type 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 during the six months ended October 1, 2010 and October 2, 2009.

| | Six Months Ended | |
|---|---|---|
| | October 1, 2010 | October 2, 2009 |
| | (In thousands) | |
| Balance, beginning of period | $ 11,208 | $ 11,194 |
| Change in liability for warranties issued in period | 4,220 | 3,092 |
| Settlements made (in cash or in kind) during the period | (3,086) | (3,299) |
| Balance, end of period | $ 12,342 | $ 10,987 |

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**Note 9 — Commitments and Contingencies**

The Company is involved in a variety of claims, suits, investigations and proceedings arising in the ordinary course of business, including actions with respect to intellectual property claims, breach of contract claims, labor and employment claims, tax and other matters. Although claims, suits, 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.

**Note 10 — Income Taxes**

The effective income tax rate for the six months ended October 1, 2010 was 36.2% compared to the 15.0% annual effective tax rate for the fiscal year ended April 2, 2010. The higher rate for the six months ended October 1, 2010 reflects the December 31, 2009 expiration of the federal research and development tax credit. If the federal research and development tax credit is reinstated, the Company may have a lower annual effective tax rate for fiscal year 2011, and the amount of any such tax rate reduction will depend on the effective date of any such reinstatement, the terms of the reinstatement as well as the amount of eligible research and development expenses in the reinstated period. The estimated effective tax rate is different from the expected statutory rate primarily due to state research and development tax credits.

For the three and six months ended October 1, 2010, the Company's gross unrecognized tax benefits increased by $0.4 million and $0.6 million, respectively. In the next twelve months, it is reasonably possible that the amount of unrecognized tax benefits will decrease by $2.6 million as a result of the expiration of the statute of limitations for previously filed tax returns.

**Note 11 — Acquisitions**

***Stonewood Acquisition***

On July 8, 2010, the Company completed the acquisition of all outstanding shares of the parent company of Stonewood. Stonewood is a leader in the design, manufacture and delivery of data at rest encryption products and services. Stonewood products are used to encrypt data on computer hard drives so that a lost or stolen laptop does not result in the compromise of classified information or the loss of intellectual property, which enhances the Company's current encryption security offerings within the Company's information assurance products in the government systems segment. The purchase price of approximately $18.8 million was comprised of $4.6 million related to the fair value of 144,962 shares of the Company's common stock issued at the closing and $14.2 million in cash consideration paid to former Stonewood stockholders. The $14.2 million in cash consideration paid to the former Stonewood stockholders less cash acquired of $0.7 million resulted in a net cash outlay of approximately $13.5 million.

The Company accounts for business combinations pursuant to the authoritative guidance for business combinations (SFAS 141R, "Business Combinations," / ASC 805). Accordingly, the Company allocated the purchase price of the acquired company to the net tangible assets and intangible assets acquired based upon their estimated fair values. Under the authoritative guidance for business combinations, acquisition-related transaction costs and acquisition-related restructuring charges are not included as components of consideration transferred but are accounted for as expenses in the period in which the costs are incurred. Total merger-related transaction costs incurred by the Company were approximately $0.9 million, of which $0.2 million and $0.9 million were incurred and recorded in selling, general and administrative expenses in the three and six months ended October 1, 2010, respectively.

The preliminary purchase price allocation of the acquired assets and assumed liabilities based on the estimated fair values as of July 8, 2010 is as follows:

| | (In thousands) |
|---|---|
| Current assets | $ 4,382 |
| Property and equipment | 484 |
| Identifiable intangible assets | 11,199 |
| Goodwill | 7,856 |
| Total assets acquired | 23,921 |
| Current liabilities | (1,843) |
| Other long term liabilities | (3,245) |
| Total liabilities assumed | (5,088) |
| Total purchase price | $ 18,833 |

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Amounts assigned to identifiable intangible assets are being amortized on a straight-line basis over their estimated useful lives and are as follows:

| | Preliminary fair value (in thousands) | Estimated weighted average life |
|---|---|---|
| Technology | $ 9,026 | 5 |
| Customer relationships | 1,977 | 10 |
| Non-compete agreements | 196 | 5 |
| Total identifiable intangible assets | $ 11,199 | 6 |

The intangible assets acquired in the Stonewood business combination were determined, in accordance with the authoritative guidance for business combinations, based on the estimated fair values using valuation techniques consistent with the market approach and/or income approach to measure fair value. The remaining useful lives were estimated based on the underlying agreements and/or the future economic benefit expected to be received from the assets.

The acquisition of Stonewood is beneficial to the Company as it enhances the Company's current encryption security offerings within the Company's information assurance products and provides additional solutions in the design, manufacture and delivery of data at rest encryption products and services. These benefits and additional opportunities were among the factors that contributed to a purchase price resulting in the recognition of preliminary estimated goodwill, which was recorded within the Company's government systems segment. The intangible assets and goodwill recognized are not deductible for federal income tax purposes. The purchase price allocation is preliminary due to pending resolution of certain Stonewood tax attributes.

The consolidated financial statements include the operating results of Stonewood from the date of acquisition. Pro forma results of operations have not been presented because the effect of the acquisition was insignificant to the financial statements for all periods presented.

***WildBlue Acquisition***

On December 15, 2009, the Company completed the acquisition of all outstanding shares of WildBlue, a privately held provider of broadband internet service, delivering two-way broadband internet access via satellite in the contiguous United States. The purchase price of approximately $574.6 million was comprised primarily of $131.9 million related to the fair value of 4,286,250 shares of the Company's common stock issued at the closing date and $442.7 million in cash consideration. The $442.7 million in cash consideration paid to the former WildBlue stockholders less cash and restricted cash acquired of $64.7 million resulted in a net cash outlay of approximately $378.0 million. As of April 2, 2010, all of the acquired restricted cash had become unrestricted. The acquisition was accounted for as a purchase and accordingly, the condensed consolidated financial statements include the operating results of WildBlue from the date of acquisition. The purchase price allocation continues to be preliminary due to pending resolution of certain WildBlue tax attributes.

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*Unaudited Pro Forma Financial Information*

The unaudited financial information in the table below summarizes the combined results of operations for the Company and WildBlue on a pro forma basis, as though the companies had been combined as of the beginning of fiscal year 2010. The pro forma financial information is presented for informational purposes only and may not be indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of fiscal year 2010. The pro forma financial information for the three and six month periods ended October 2, 2009 includes the business combination accounting effect on historical WildBlue revenue, elimination of the historical ViaSat revenues and related costs of revenues derived from sales of CPE units to WildBlue, amortization and depreciation charges from acquired intangible and tangible assets, the difference between WildBlue's and ViaSat's historical interest expense/interest income due to ViaSat's new capitalization structure as a result of the acquisition, related tax effects and adjustment to shares outstanding for shares issued for the acquisition.

| | Three Months Ended October 2, 2009 | Six Months Ended October 2, 2009 |
|---|---|---|
| | (in thousands, except per share data) | |
| Total revenues | $ 205,439 | $ 408,531 |
| Net income attributable to ViaSat, Inc. | $ 8,923 | $ 15,899 |
| Basic net income per share attributable to ViaSat, Inc. common stockholders | $ .25 | $ .45 |
| Diluted net income per share attributable to ViaSat, Inc. common stockholders | $ .24 | $ .43 |

**Note 12 — Restructuring**

In the third quarter of fiscal year 2010, the Company initiated a post-acquisition restructuring plan related to the termination of certain duplicative employee positions upon the acquisition of WildBlue. Under the terms of the plan, the Company recorded restructuring charges of approximately $0.5 million as part of selling, general and administrative expenses within the satellite services segment during the three and six months ended October 1, 2010. As of October 1, 2010 and April 2, 2010, $0.4 million and $0.3 million, respectively, of restructuring charges remained unpaid and were recorded in accrued liabilities. During the three and six months ended October 1, 2010, the Company paid approximately $0.3 million and $0.4 million of the outstanding restructuring liabilities, respectively. There was no restructuring plan or charges recorded during the three and six months ended October 2, 2009.

**Note 13 — Segment Information**

The Company's reporting segments, comprised of the government systems, commercial networks and satellite services segments, are primarily distinguished by the type of customer and the related contractual requirements. The Company's government systems segment develops and produces network-centric, IP-based secure government communications systems, products and solutions. The more regulated government environment is subject to unique contractual requirements and possesses economic characteristics which differ from the commercial networks and satellite services segments. The Company's commercial networks segment develops and produces a variety of advanced end-to-end satellite communication systems and ground networking equipment and products. The Company's satellite services segment includes both the Company's recently acquired WildBlue business (which provides wholesale and retail satellite-based broadband internet services in the United States) and the Company's managed network services which complement the commercial networks segment by supporting the Company's enterprise and mobile broadband customers. The Company's satellite services segment also includes the Company's ViaSat-1 satellite-related activities. 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.

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As discussed further in Note 2, included in the government systems segment operating profit for the three and six months ended October 1, 2010 is an $8.5 million forward loss recorded on a government satellite communications program.

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | October 1, 2010 | October 2, 2009 | October 1, 2010 | October 2, 2009 |
| | (In thousands) | | | |
| Revenues | | | | |
| Government Systems | $ 94,937 | $ 102,798 | $ 183,782 | $ 195,375 |
| Commercial Networks | 44,312 | 54,370 | 89,931 | 117,700 |
| Satellite Services | 58,640 | 3,498 | 116,180 | 5,999 |
| Elimination of intersegment revenues | — | — | — | — |
| Total revenues | $ 197,889 | $ 160,666 | $ 389,893 | $ 319,074 |
| Operating profits (losses) | | | | |
| Government Systems | 12,808 | 14,259 | 14,466 | 26,402 |
| Commercial Networks | (2,347) | 2,450 | (3,517) | 3,785 |
| Satellite Services | 7,706 | (3,335) | 19,167 | (4,042) |
| Elimination of intersegment operating profits | — | — | — | — |
| Segment operating profit before corporate and amortization | 18,167 | 13,374 | 30,116 | 26,145 |
| Corporate | — | 17 | 44 | 22 |
| Amortization of acquired intangibles | (5,094) | (1,362) | (9,704) | (2,867) |
| Income from operations | $ 13,073 | $ 12,029 | $ 20,456 | $ 23,300 |

Amortization of acquired intangibles by segment for the three and six months ended October 1, 2010 and October 2, 2009 was as follows:

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | October 1, 2010 | October 2, 2009 | October 1, 2010 | October 2, 2009 |
| | (In thousands) | | | |
| Government Systems | $ 823 | $ 272 | $ 1,092 | $ 544 |
| Commercial Networks | 1,033 | 1,090 | 2,136 | 2,323 |
| Satellite Services | 3,238 | — | 6,476 | — |
| Total amortization of intangibles | $ 5,094 | $ 1,362 | $ 9,704 | $ 2,867 |

Assets identifiable to segments include: accounts receivable, unbilled accounts receivable, inventory, acquired intangible assets and goodwill. Segment assets as of October 1, 2010 and April 2, 2010 were as follows:

| | October 1, 2010 | April 2, 2010 |
|---|---|---|
| | (In thousands) | |
| Segment assets | | |
| Government Systems | $ 201,842 | $ 168,703 |
| Commercial Networks | 126,727 | 146,990 |
| Satellite Services | 106,107 | 107,919 |
| Total segment assets | 434,676 | 423,612 |
| Corporate assets | 898,975 | 869,940 |
| Total assets | $ 1,333,651 | $ 1,293,552 |

Net acquired intangible assets and goodwill included in segment assets as of October 1, 2010 and April 2, 2010 were as follows:

| | Net Acquired Intangible Assets | | Goodwill | |
|---|---|---|---|---|
| | October 1, 2010 | April 2, 2010 | October 1, 2010 | April 2, 2010 |
| | (In thousands) | | | |
| Government Systems | $ 12,309 | $ 1,708 | $ 30,337 | $ 22,161 |
| Commercial Networks | 7,258 | 9,389 | 43,602 | 43,461 |
| Satellite Services | 71,816 | 78,292 | 9,402 | 9,402 |
| Total | $ 91,383 | $ 89,389 | $ 83,341 | $ 75,024 |

**VIASAT, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
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Revenue information by geographic area for the three and six months ended October 1, 2010 and October 2, 2009 was as follows:

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | October 1, 2010 | October 2, 2009 | October 1, 2010 | October 2, 2009 |
| | (In thousands) | | | |
| United States | $ 166,935 | $ 134,360 | $ 328,100 | $ 260,402 |
| Europe, Middle East and Africa | 21,587 | 16,212 | 42,201 | 39,599 |
| Asia, Pacific | 6,012 | 6,034 | 12,845 | 12,436 |
| North America other than United States | 1,777 | 1,657 | 3,099 | 2,868 |
| Latin America | 1,578 | 2,403 | 3,648 | 3,769 |
| | $ 197,889 | $ 160,666 | $ 389,893 | $ 319,074 |

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 $5.5 million and $4.4 million at October 1, 2010 and April 2, 2010, respectively.

**Note 14 — Certain Relationships and Related-Party Transactions**

Michael Targoff, a director of the Company since February 2003, currently serves as the Chief Executive Officer and the Vice Chairman of the board of directors of Loral Space & Communications, Inc. (Loral), the parent of Space Systems/Loral, Inc. (SS/L), and is also a director of Telesat Holdings Inc., a joint venture company formed by Loral and the Public Sector Pension Investment Board to acquire Telesat Canada in October 2007. John Stenbit, a director of the Company since August 2004, also currently serves on the board of directors of Loral.

In January 2008, the Company entered into a satellite construction contract with SS/L under which the Company purchased a new high-capacity Ka-band spot-beam satellite (ViaSat-1) designed by the Company and currently under construction by SS/L for approximately $209.1 million, subject to purchase price adjustments based on satellite performance. In addition, the Company entered into a beam sharing agreement with Loral, whereby Loral is responsible for contributing 15% of the total costs (estimated at approximately $57.6 million) associated with the ViaSat-1 satellite project. The Company’s purchase of the ViaSat-1 satellite from SS/L was approved by the disinterested members of the Company’s Board of Directors, after a determination by the disinterested members of the Company’s Board that the terms and conditions of the purchase were fair to and in the best interests of the Company and its stockholders.

During the six months ended October 1, 2010 and October 2, 2009, under the satellite construction contract, the Company paid $19.2 million and $35.9 million, respectively, to SS/L and had $1.9 million and $3.8 million payable to SS/L as of October 1, 2010 and April 2, 2010, respectively. During the six months ended October 1, 2010, the Company also received $6.0 million from SS/L under the beam sharing agreement with Loral. There was no cash received from SS/L for the six months ended October 2, 2009. Accounts receivable due from SS/L under the beam sharing agreement with Loral were $2.2 million and $3.8 million as of October 1, 2010 and April 2, 2010, respectively.

From time to time the Company enters into various contracts in the ordinary course of business with SS/L and Telesat Canada. Accounts receivable due from Telesat Canada as of October 1, 2010 and April 2, 2010 were $0.2 million and $0.9 million, respectively. The Company also recognized $4.7 million of expense related to Telesat Canada during the six months ended October 1, 2010 and no material amounts during the six months ended October 2, 2009. Collections in excess of revenues and deferred revenues related to a contract with SS/L were $3.7 million and $0.8 million as of October 1, 2010 and April 2, 2010, respectively. All other amounts related to Telesat Canada and SS/L, excluding activities under the ViaSat-1 related satellite contracts, were not material.

**Note 15 — Financial Statements of Parent and Subsidiary Guarantors**

On October 22, 2009, the Company issued $275.0 million in principal amount of Notes in a private placement to institutional buyers. The Notes were exchanged in May 2010 for substantially identical Notes that had been registered with the SEC. The Notes are jointly and severally guaranteed on a full and unconditional basis by each of the Company’s existing and future subsidiaries (the Guarantor Subsidiaries) that guarantee the Credit Facility. The indenture governing the 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.

**VIASAT, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
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The following supplemental financial information sets forth, on a condensed consolidating basis, the balance sheets, statements of operations and statements of cash flows for the Company (as "Issuing Parent Company"), the Guarantor Subsidiaries, the non-guarantor subsidiaries and total consolidated Company and subsidiaries as of October 1, 2010 and April 2, 2010 and for the three and six months ended October 1, 2010 and October 2, 2009.

**VIASAT, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(UNAUDITED)**

**Condensed Consolidating Balance Sheet as of October 1, 2010**

| | Issuing Parent Company | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Consolidation and Elimination Adjustments | Consolidated |
|---|---|---|---|---|---|
| | | | (In thousands) | | |
| **ASSETS** | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | $ 36,778 | $ 7,953 | $ 9,050 | $ — | $ 53,781 |
| Accounts receivable, net | 150,432 | 14,529 | 6,983 | — | 171,944 |
| Inventories | 77,595 | 7,871 | 2,749 | — | 88,215 |
| Deferred income taxes | 16,480 | 866 | — | — | 17,346 |
| Prepaid expenses and other current assets | 17,604 | 4,615 | 1,364 | — | 23,583 |
| Total current assets | 298,889 | 35,834 | 20,146 | — | 354,869 |
| Satellites, net | 259,766 | 271,342 | — | — | 531,108 |
| Property and equipment, net | 87,155 | 94,707 | 8,355 | (1,088) | 189,129 |
| Other acquired intangible assets, net | 8,383 | 71,816 | 11,184 | — | 91,383 |
| Goodwill | 63,939 | 9,279 | 10,123 | — | 83,341 |
| Investments in subsidiaries and intercompany receivables | 506,618 | 2,161 | 7,553 | (516,332) | — |
| Other assets | 68,205 | 14,982 | 634 | — | 83,821 |
| Total assets | $ 1,292,955 | $ 500,121 | $ 57,995 | $ (517,420) | $ 1,333,651 |
| **LIABILITIES AND EQUITY** | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | $ 63,952 | $ 8,282 | $ 1,016 | $ — | $ 73,250 |
| Accrued liabilities | 80,709 | 24,217 | 3,763 | — | 108,689 |
| Current portion of other long-term debt | — | 471 | — | — | 471 |
| Total current liabilities | 144,661 | 32,970 | 4,779 | — | 182,410 |
| Senior Notes due 2016, net | 272,048 | — | — | — | 272,048 |
| Other long-term debt | 45,000 | 2,233 | — | — | 47,233 |
| Intercompany payables | 16,078 | — | 16,852 | (32,930) | — |
| Other liabilities | 18,103 | 8,667 | 3,430 | — | 30,200 |
| Total liabilities | 495,890 | 43,870 | 25,061 | (32,930) | 531,891 |
| Equity: | | | | | |
| ViaSat, Inc. stockholders' equity | | | | | |
| Total ViaSat, Inc. stockholders' equity | 797,065 | 456,251 | 32,934 | (488,389) | 797,861 |
| Noncontrolling interest in subsidiary | — | — | — | 3,899 | 3,899 |
| Total equity | 797,065 | 456,251 | 32,934 | (484,490) | 801,760 |
| Total liabilities and equity | $ 1,292,955 | $ 500,121 | $ 57,995 | $ (517,420) | $ 1,333,651 |

**VIASAT, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(UNAUDITED)**

**Condensed Consolidating Balance Sheet as of April 2, 2010**

| | Issuing Parent Company | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Consolidation and Elimination Adjustments | Consolidated |
|---|---|---|---|---|---|
| | | | (In thousands) | | |
| **ASSETS** | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | $ 66,258 | $ 16,216 | $ 7,157 | $ — | $ 89,631 |
| Accounts receivable, net | 160,807 | 11,983 | 3,561 | — | 176,351 |
| Inventories | 75,222 | 6,313 | 1,427 | — | 82,962 |
| Deferred income taxes | 16,480 | 866 | — | — | 17,346 |
| Prepaid expenses and other current assets | 25,457 | 2,504 | 896 | — | 28,857 |
| Total current assets | 344,224 | 37,882 | 13,041 | — | 395,147 |
| Satellites, net | 209,431 | 286,258 | — | — | 495,689 |
| Property and equipment, net | 66,928 | 82,679 | 7,141 | (944) | 155,804 |
| Other acquired intangible assets, net | 10,872 | 78,292 | 225 | — | 89,389 |
| Goodwill | 63,940 | 9,279 | 1,805 | — | 75,024 |
| Investments in subsidiaries and intercompany receivables | 596,313 | 2,324 | 7,654 | (606,291) | — |
| Other assets | 60,812 | 21,070 | 617 | — | 82,499 |
| Total assets | $ 1,352,520 | $ 517,784 | $ 30,483 | $ (607,235) | $ 1,293,552 |
| **LIABILITIES AND EQUITY** | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | $ 71,765 | $ 5,920 | $ 670 | $ — | $ 78,355 |
| Accrued liabilities | 85,960 | 14,602 | 1,689 | — | 102,251 |
| Total current liabilities | 157,725 | 20,522 | 2,359 | — | 180,606 |
| Senior Notes due 2016, net | 271,801 | — | — | — | 271,801 |
| Other long-term debt | 60,000 | — | — | — | 60,000 |
| Intercompany payables | 93,468 | — | 14,505 | (107,973) | — |
| Other liabilities | 16,356 | 7,990 | 49 | — | 24,395 |
| Total liabilities | 599,350 | 28,512 | 16,913 | (107,973) | 536,802 |
| Equity: | | | | | |
| ViaSat, Inc. stockholders’ equity | | | | | |
| Total ViaSat, Inc. stockholders’ equity | 753,170 | 489,272 | 13,570 | (503,007) | 753,005 |
| Noncontrolling interest in subsidiary | — | — | — | 3,745 | 3,745 |
| Total equity | 753,170 | 489,272 | 13,570 | (499,262) | 756,750 |
| Total liabilities and equity | $ 1,352,520 | $ 517,784 | $ 30,483 | $ (607,235) | $ 1,293,552 |

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VIASAT, INC.
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**Condensed Consolidating Statement of Operations for the Three Months Ended October 1, 2010**

| | Issuing Parent Company | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Consolidation and Elimination Adjustments | Consolidated |
|---|---|---|---|---|---|
| | | | (In thousands) | | |
| Revenues: | | | | | |
| Product revenues | $ 122,639 | $ 1,629 | $ 4,043 | $ (725) | $ 127,586 |
| Service revenues | 14,248 | 53,465 | 3,022 | (432) | 70,303 |
| Total revenues | 136,887 | 55,094 | 7,065 | (1,157) | 197,889 |
| Operating expenses: | | | | | |
| Cost of product revenues | 85,148 | 1,515 | 2,408 | (620) | 88,451 |
| Cost of service revenues | 9,823 | 30,026 | 2,270 | (422) | 41,697 |
| Selling, general and administrative | 25,436 | 14,060 | 2,476 | (20) | 41,952 |
| Independent research and development | 7,384 | — | 240 | (2) | 7,622 |
| Amortization of acquired intangible assets | 1,233 | 3,239 | 622 | — | 5,094 |
| Income (loss) from operations | 7,863 | 6,254 | (951) | (93) | 13,073 |
| Other income (expense): | | | | | |
| Interest income | 155 | — | 2 | (94) | 63 |
| Interest expense | (950) | — | (94) | 94 | (950) |
| Income (loss) before income taxes | 7,068 | 6,254 | (1,043) | (93) | 12,186 |
| Provision for income taxes | 1,918 | 2,443 | 24 | — | 4,385 |
| Equity in net income (loss) of consolidated subsidiaries | 2,729 | — | — | (2,729) | — |
| Net income (loss) | 7,879 | 3,811 | (1,067) | (2,822) | 7,801 |
| Less: Net income (loss) attributable to noncontrolling interest, net of tax | — | — | — | 15 | 15 |
| Net income (loss) attributable to ViaSat, Inc. | $ 7,879 | $ 3,811 | $ (1,067) | $ (2,837) | $ 7,786 |

VIASAT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

**Condensed Consolidating Statement of Operations for the Six Months Ended October 1, 2010**

| | Issuing Parent Company | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Consolidation and Elimination Adjustments | Consolidated |
|---|---|---|---|---|---|
| | | | (In thousands) | | |
| Revenues: | | | | | |
| Product revenues | $ 247,780 | $ 2,180 | $ 5,385 | $ (2,757) | $ 252,588 |
| Service revenues | 25,470 | 107,008 | 5,677 | (850) | 137,305 |
| Total revenues | 273,250 | 109,188 | 11,062 | (3,607) | 389,893 |
| Operating expenses: | | | | | |
| Cost of product revenues | 180,436 | 1,990 | 3,352 | (2,613) | 183,165 |
| Cost of service revenues | 17,827 | 59,707 | 4,035 | (810) | 80,759 |
| Selling, general and administrative | 50,997 | 26,538 | 3,358 | (20) | 80,873 |
| Independent research and development | 14,645 | — | 293 | (2) | 14,936 |
| Amortization of acquired intangible assets | 2,493 | 6,477 | 734 | — | 9,704 |
| Income (loss) from operations | 6,852 | 14,476 | (710) | (162) | 20,456 |
| Other income (expense): | | | | | |
| Interest income | 380 | — | 5 | (183) | 202 |
| Interest expense | (3,091) | — | (183) | 183 | (3,091) |
| Income (loss) before income taxes | 4,141 | 14,476 | (888) | (162) | 17,567 |
| Provision for income taxes | 374 | 5,752 | 240 | — | 6,366 |
| Equity in net income (loss) of consolidated subsidiaries | 7,442 | — | — | (7,442) | — |
| Net income (loss) | 11,209 | 8,724 | (1,128) | (7,604 ) | 11,201 |
| Less: Net income (loss) attributable to noncontrolling interest, net of tax | — | — | — | 154 | 154 |
| Net income (loss) attributable to ViaSat, Inc. | $ 11,209 | $ 8,724 | $ (1,128) | $ (7,758) | $ 11,047 |

**VIASAT, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(UNAUDITED)**

**Condensed Consolidating Statement of Operations for the Three Months Ended October 2, 2009**

| | Issuing Parent Company | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Consolidation and Elimination Adjustments | Consolidated |
|---|---|---|---|---|---|
| | | | (In thousands) | | |
| Revenues: | | | | | |
| Product revenues | $ 150,186 | $ — | $ 1,260 | $ (104) | $ 151,342 |
| Service revenues | 9,068 | — | 1,348 | (1,092) | 9,324 |
| Total revenues | 159,254 | — | 2,608 | (1,196) | 160,666 |
| Operating expenses: | | | | | |
| Cost of product revenues | 103,967 | — | 974 | (116) | 104,825 |
| Cost of service revenues | 5,837 | — | 1,590 | (596) | 6,831 |
| Selling, general and administrative | 28,378 | — | 549 | — | 28,927 |
| Independent research and development | 6,460 | — | 232 | — | 6,692 |
| Amortization of acquired intangible assets | 1,259 | — | 103 | — | 1,362 |
| Income (loss) from operations | 13,353 | — | (840) | (484) | 12,029 |
| Other income (expense): | | | | | |
| Interest income | 99 | — | 2 | — | 101 |
| Interest expense | (230) | — | — | — | (230) |
| Income (loss) before income taxes | 13,222 | — | (838) | (484) | 11,900 |
| Provision (benefit) for income taxes | 2,809 | — | (1) | — | 2,808 |
| Equity in net income (loss) of consolidated subsidiaries | (754) | — | — | 754 | — |
| Net income (loss) | 9,659 | — | (837) | 270 | 9,092 |
| Less: Net income (loss) attributable to noncontrolling interest, net of tax | — | — | — | (83) | (83) |
| Net income (loss) attributable to ViaSat, Inc. | $ 9,659 | $ — | $ (837) | $ 353 | $ 9,175 |

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**Condensed Consolidating Statement of Operations for the Six Months Ended October 2, 2009**

| | Issuing Parent Company | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Consolidation and Elimination Adjustments | Consolidated |
|---|---|---|---|---|---|
| | | | (In thousands) | | |
| Revenues: | | | | | |
| Product revenues | $ 298,566 | $ — | $ 2,517 | $ (340) | $ 300,743 |
| Service revenues | 16,217 | — | 3,206 | (1,092) | 18,331 |
| Total revenues | 314,783 | — | 5,723 | (1,432) | 319,074 |
| Operating expenses: | | | | | |
| Cost of product revenues | 208,509 | — | 2,221 | (333) | 210,397 |
| Cost of service revenues | 10,437 | — | 3,131 | (596) | 12,972 |
| Selling, general and administrative | 54,726 | — | 1,117 | — | 55,843 |
| Independent research and development | 13,356 | — | 339 | — | 13,695 |
| Amortization of acquired intangible assets | 2,659 | — | 208 | — | 2,867 |
| Income (loss) from operations | 25,096 | — | (1,293) | (503) | 23,300 |
| Other income (expense): | | | | | |
| Interest income | 194 | — | 4 | — | 198 |
| Interest expense | (409) | — | — | — | (409) |
| Income (loss) before income taxes | 24,881 | — | (1,289) | (503) | 23,089 |
| Provision for income taxes | 5,663 | — | 42 | — | 5,705 |
| Equity in net income (loss) of consolidated subsidiaries | (1,271) | — | — | 1,271 | — |
| Net income (loss) | 17,947 | — | (1,331) | 768 | 17,384 |
| Less: Net income (loss) attributable to noncontrolling interest, net of tax | — | — | — | (60) | (60) |
| Net income (loss) attributable to ViaSat, Inc. | $ 17,947 | $ — | $ (1,331) | $ 828 | $ 17,444 |

**VIASAT, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(UNAUDITED)**

**Condensed Consolidating Statement of Cash Flows for the Six Months Ended October 1, 2010**

| | Issuing Parent Company | Guarantor Subsidiaries | Non-Guarantor Subsidiaries (In thousands) | Consolidation and Elimination Adjustments | Consolidated |
|---|---|---|---|---|---|
| **Cash flows from operating activities:** | | | | | |
| Net cash provided by (used in) operating activities | $ 36,019 | $ 60,505 | $ (201) | $ (237) | $ 96,086 |
| **Cash flows from investing activities:** | | | | | |
| Purchase of property, equipment and satellites | (81,154) | (27,098) | (1,503) | 237 | (109,518) |
| Payment related to acquisition of business, net of cash acquired | (14,203) | — | 747 | — | (13,456) |
| Cash paid for patents, licenses and other assets | (8,370) | (25) | (32) | — | (8,427) |
| Long-term intercompany notes and investments | (2,980) | 100 | (213) | 3,093 | — |
| Net cash used in investing activities | (106,707) | (27,023) | (1,001) | 3,330 | (131,401) |
| **Cash flows from financing activities:** | | | | | |
| Payments on line of credit | (30,000) | — | — | — | (30,000) |
| Proceeds from line of credit borrowings | 15,000 | — | — | — | 15,000 |
| Proceeds from issuance of common stock under equity plans | 16,234 | — | — | — | 16,234 |
| Purchase of common stock in treasury | (1,884) | — | — | — | (1,884) |
| Intercompany long-term financing | 41,858 | (41,745) | 2,980 | (3,093) | — |
| Net cash provided by (used in) financing activities | 41,208 | (41,745) | 2,980 | (3,093) | (650) |
| Effect of exchange rate changes on cash | — | — | 115 | — | 115 |
| Net (decrease) increase in cash and cash equivalents | (29,480) | (8,263) | 1,893 | — | (35,850) |
| Cash and cash equivalents at beginning of period | 66,258 | 16,216 | 7,157 | — | 89,631 |
| Cash and cash equivalents at end of period | $ 36,778 | $ 7,953 | $ 9,050 | $ — | $ 53,781 |

**VIASAT, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(UNAUDITED)**

**Condensed Consolidating Statement of Cash Flows for the Six Months Ended October 2, 2009**

| | Issuing Parent Company | Guarantor Subsidiaries | Non-Guarantor Subsidiaries (In thousands) | Consolidation and Elimination Adjustments | Consolidated |
|---|---|---|---|---|---|
| **Cash flows from operating activities:** | | | | | |
| Net cash provided by (used in) operating activities | $ 1,909 | $ — | $ (507) | $ (490) | $ 912 |
| **Cash flows from investing activities:** | | | | | |
| Purchase of property, equipment and satellites | (55,052) | — | (1,223) | 491 | (55,784) |
| Cash paid for patents, licenses and other assets | (5,821) | — | (65) | — | (5,886) |
| Long-term intercompany notes and investments | (2,110) | — | 603 | 1,507 | — |
| Net cash used in investing activities | (62,983) | — | (685) | 1,998 | (61,670) |
| **Cash flows from financing activities:** | | | | | |
| Proceeds from line of credit borrowings | 80,000 | — | — | — | 80,000 |
| Payment of debt issuance costs | (2,869) | — | — | — | (2,869) |
| Proceeds from issuance of common stock under equity plans | 4,399 | — | 1 | (1) | 4,399 |
| Purchase of common stock in treasury | (1,299) | — | — | — | (1,299) |
| Incremental tax benefits from stock-based compensation | 525 | — | — | — | 525 |
| Intercompany long-term financing | (603) | — | 2,110 | (1,507) | — |
| Net cash provided by financing activities | 80,153 | — | 2,111 | (1,508) | 80,756 |
| Effect of exchange rate changes on cash | — | — | 395 | — | 395 |
| Net increase in cash and cash equivalents | 19,079 | — | 1,314 | — | 20,393 |
| Cash and cash equivalents at beginning of period | 57,831 | — | 5,660 | — | 63,491 |
| Cash and cash equivalents at end of period | $ 76,910 | $ — | $ 6,974 | $ — | $ 83,884 |

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Forward-Looking Statements

This Quarterly Report, 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 growth and revenues from our products; future economic conditions and performance; anticipated performance of products or services; 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, including those identified under the heading "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended April 2, 2010, elsewhere in this report and our other filings with the Securities and Exchange Commission (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.

### Company Overview

We are a leading provider of advanced satellite and wireless communications and secure networking systems, products and services. We have leveraged our success developing complex satellite communication systems and equipment for the U.S. government and select commercial customers to develop end-to-end satellite network solutions for a wide array of applications and customers. Our product and systems offerings are often linked through common underlying technologies, customer applications and market relationships. We believe that our portfolio of products, 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. Our customers, including the U.S. government, leading aerospace and defense prime contractors, network integrators and communications service providers, rely on our solutions to meet their complex communications and networking requirements. In addition, following our recent acquisition of WildBlue Holding, Inc. (WildBlue), we are a leading provider of satellite broadband internet services in the United States. ViaSat was incorporated in California in 1986, and reincorporated as a Delaware corporation in 1996.

On July 8, 2010, we completed the acquisition of all outstanding shares of the parent company of Stonewood Group Limited, a privately held company registered in England and Wales (Stonewood). Stonewood is a leader in the design, manufacture and delivery of data at rest encryption products and services. Stonewood products are used to encrypt data on computer hard drives so that a lost or stolen laptop does not result in the compromise of classified information or the loss of intellectual property, which enhances our current encryption security offerings within our information assurance products in our government systems segment. In connection with the acquisition, we paid approximately $14.2 million in cash and issued approximately 144,962 shares of ViaSat common stock to former Stonewood stockholders.

On December 15, 2009, we consummated our acquisition of WildBlue, a leading Ka-band satellite broadband internet service provider. In connection with the acquisition, we paid approximately $442.7 million in cash and issued approximately 4.29 million shares of ViaSat common stock to WildBlue equity and debt holders (the WildBlue Investors). ViaSat retained approximately $64.7 million of WildBlue's cash on hand. To finance in part the cash payment made to the WildBlue Investors, in October 2009 we issued $275.0 million in aggregate principal amount of 8.875% Senior Notes due 2016 (the Notes) and, in December 2009, we borrowed $140.0 million under our revolving credit facility (the Credit Facility). As of October 1, 2010, $45.0 million was outstanding under our Credit Facility. During fiscal year 2010, we increased the amount of our revolving line of credit under the Credit Facility from $85.0 million to $275.0 million.

ViaSat operates in three segments: government systems, commercial networks and satellite services.

### Government Systems

Our government systems segment develops and produces network-centric internet protocol (IP)-based secure government communications systems, products and solutions, which are designed to enable the collection and dissemination of secure real-time digital information between command centers, communications nodes and air defense systems. Customers of our government systems segment include tactical armed forces, public safety first-responders and remote government employees.

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

- Tactical data links, including Multifunctional Information Distribution System (MIDS) terminals for military fighter jets, and their successor, MIDS Joint Tactical Radio System (MIDS JTRS) terminals (which were approved for low-rate initial production in 2010), “disposable” weapon data links, and portable small tactical terminals.
- Information assurance products that enable military and government users to communicate information securely over networks, and that secure data stored on computers and storage devices.
- Government satellite communication systems, including an array of portable and fixed broadband modems, terminals, network access control systems and antenna systems using a range of satellite frequency bands for line-of-sight and beyond-line-of-sight Intelligence, Surveillance, and Reconnaissance (ISR) and Command and Control (C2) missions, as well as satellite networking services.

**Commercial Networks**

Our commercial networks segment develops and produces a variety of advanced end-to-end satellite communication systems and ground networking equipment and products that address five key market segments: consumer, enterprise, in-flight, maritime and ground mobile applications. These communication systems, networking equipment and products are generally developed through a combination of customer and discretionary internal research and development funding.

Our satellite communication systems and ground networking equipment and products cater to a wide range of domestic and international commercial customers and include:

- Consumer broadband, including next-generation satellite network infrastructure and ground terminals to access high capacity satellites.
- Antenna systems for terrestrial and satellite applications, specializing in geospatial imagery, mobile satellite communication, Ka-band gateways, and other multi-band antennas.
- Enterprise Very Small Aperture Terminal (VSAT) networks and products, designed to provide enterprises with broadband access to the internet or private networks.
- Mobile broadband satellite communication systems, designed for use in aircraft, seagoing vessels and high-speed trains.
- Satellite networking systems design and technology development, including design and technology services covering all aspects of satellite communication system architecture and technology.

**Satellite Services**

Our satellite services segment complements both our government systems and commercial networks segment by providing wholesale and retail satellite-based broadband internet services in the United States via our satellite and capacity agreements, as well as managed network services for the satellite communication systems of our consumer, enterprise and mobile broadband customers.

The primary services offered by our satellite services segment comprise:

- Wholesale and retail broadband services, comprised of WildBlue® service, which provides two-way satellite-based broadband internet access to consumers and small businesses in the United States. As of October 1, 2010, we provided WildBlue service to approximately 415,000 subscribers. In addition, following the launch of ViaSat-1, we expect to provide wholesale and retail broadband service via ViaSat-1 in the United States at speeds and volumes that provide a broadband experience that is comparable to or better than terrestrial broadband alternatives such as cable modems and DSL connections. We expect this service to become available in mid 2011. We plan to offer wholesale broadband services via ViaSat-1 to national and regional distribution partners, including retail service providers and communications companies. We plan to offer our retail service via ViaSat-1 through WildBlue.
- Mobile broadband services, comprised of global network management services for customers who use our Yonder Worldwide mobile broadband service.
- Managed broadband services, comprised of a full-service managed broadband service for everyday enterprise networking or backup protection for primary networks.

## Sources of Revenues

With respect to our government systems and commercial networks segments, to date, our ability to grow and maintain our revenues has 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.

Our products in these segments are provided primarily through 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 95% and 89% of our total revenues for the three months ended October 1, 2010 and October 2, 2009, respectively, and 95% and 89% of our total revenues for the six months ended October 1, 2010 and October 2, 2009, respectively. The remainder of our revenue in these segments for such periods was derived 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).

Historically, a significant portion of our revenues 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 $14.3 million or 7% and $27.8 million or 17% of our total revenues in the three months ended October 1, 2010 and October 2, 2009, respectively. Revenues for our funded research and development from our customer contracts were approximately $29.1 million or 7% and $58.0 million or 18% of our total revenues in the six months ended October 1, 2010 and October 2, 2009, respectively.

We also incur independent research and development expenses, which are not directly funded by a third party. Independent research and development expenses consist primarily of salaries and other personnel-related expenses, supplies, prototype materials, testing and certification related to research and development programs. Independent research and development expenses were approximately 4% of total revenues during each of the three and six months ended October 1, 2010 and October 2, 2009. As a government contractor, we are able to recover a portion of our independent research and development expenses pursuant to our government contracts.

Our satellite services segment revenues are primarily derived from our recently acquired WildBlue business (which provides wholesale and retail satellite-based broadband internet services in the United States) and our managed network services which complement the commercial networks segment by supporting the satellite communication systems of our enterprise and mobile broadband customers.

## Critical Accounting Policies and Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States (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 authoritative guidance for the percentage-of-completion method of accounting (the American Institute of Certified Public Accountants' (AICPA) Statement of Position 81-1 (SOP 81-1), "Accounting for Performance of Construction-Type and Certain Production-Type Contracts" / 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.

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 cost on our programs through regular quarterly 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 October 1, 2010 would change our income before income taxes by approximately $0.5 million.

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 in our fiscal second quarter. 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. While we believe the additional forward loss is adequate to cover known risks to date and that steps taken to improve the program performance will be effective, the program is on going and our efforts and the end results must be satisfactory to the customer. We believe that our estimate of costs to complete the program is appropriate based on known information, but cannot provide absolute assurance that additional costs will not be incurred. Including this program, during the three months ended October 1, 2010 and October 2, 2009, we recorded losses of approximately $0.5 million and $3.7 million, respectively, related to loss contracts. Including this program, during the six months ended October 1, 2010 and October 2, 2009, we recorded losses of approximately $9.2 million and $5.1 million, respectively, related to loss contracts.

We also have 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 (Staff Accounting Bulletin No. 104, "Revenue Recognition" / ASC 605). Under this standard, we recognize revenue when an arrangement exists, prices are fixed and 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 (SFAS 13, "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 property 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 property for a price which is sufficiently lower than the expected fair value of the property 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.

When a sale involves multiple elements, such as sales of products that include services, the entire fee from the arrangement is allocated to each respective element based on its relative fair value in accordance with the authoritative guidance for accounting for multiple element revenue arrangements (Emerging Issues Task Force 00-21 (EITF 00-21), "Accounting for Multiple Element Revenue Arrangements" / ASC 605-25), and recognized when the applicable revenue recognition criteria for each element have been met. The amount of product and service revenue recognized is impacted by our judgments as to whether an arrangement includes multiple elements and, if so, whether sufficient objective and reliable evidence of fair value exists for those elements. Changes to the elements in an arrangement and our ability to establish evidence for those elements could affect the timing of revenue recognition.

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 twelve months. Deferred revenues extending beyond the twelve months are recorded within other liabilities in the consolidated financial statements.

***Stock-based compensation***

Under the authoritative guidance for share-based payments (SFAS 123, "Share-Based Payments" / ASC 718), stock-based compensation cost is measured at the grant date based on the estimated fair value of the award and is recognized as expense ratably over the employees' requisite service period. We use the Black-Scholes model to estimate the fair value of stock-based awards at the grant date. The Black-Scholes model requires using judgment to estimate stock price volatility, the expected option life, the risk-free interest rate, and the dividend yield, which are used to calculate fair value. Compensation expense is recognized only for those options expected to vest, with forfeitures estimated at the date of grant based on our historical experience and future expectations. To the extent actual forfeitures differ significantly from our estimates, adjustments to compensation cost may be required in future periods.

***Allowance for doubtful accounts***

We make estimates of the collectability of our accounts receivable based on historical bad debts, customer creditworthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts. Historically, our bad debt allowances have been minimal primarily because a significant portion of our sales has been to the U.S. government or is related to our satellite service commercial business, which we bill and collect in advance. Our accounts receivable balance was $171.9 million, net of allowance for doubtful accounts of $0.6 million, as of October 1, 2010, and our accounts receivable balance was $176.4 million, net of allowance for doubtful accounts of $0.5 million, as of April 2, 2010.

***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 twelve months are classified as a current liability. 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.

***Goodwill***

We account for our goodwill under authoritative guidance for goodwill and other intangible assets (SFAS 142, "Goodwill and Other Intangible Assets" / ASC 350). The authoritative guidance for the goodwill impairment model is a two-step process. First, it requires a comparison of the book value of net assets to the fair value of the reporting units that have goodwill assigned to them. Reporting units within our government systems, commercial networks and satellite services segments have goodwill assigned to them. If the fair value is determined to be less than book value, a second step is performed to compute the amount of the impairment. In this process, a fair value for goodwill is estimated, based in part on the fair value of the reporting unit used in the first step, and is compared to its carrying value. The shortfall of the fair value below carrying value, if any, represents the amount of 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.

We estimate the fair values of the reporting units using discounted cash flows and other indicators of fair value such as market comparable transactions. We base the forecast of future cash flows on our best estimate of the future revenues and operating costs, which we derive primarily from existing firm orders, expected future orders, contracts with suppliers, labor agreements and general market conditions. Changes in these forecasts could cause a particular reporting unit to either pass or fail the first step in the authoritative guidance related to the goodwill impairment model, which could significantly influence whether a goodwill impairment needs to be recorded. We adjust the cash flow forecasts by an appropriate discount rate derived from our market capitalization plus a suitable control premium at the date of evaluation. In applying the first step, which is identification of any impairment of goodwill, no impairment of goodwill has resulted.

***Property, equipment and satellites***

Equipment, computers and software, furniture and fixtures, and our ViaSat-1 satellite and related gateway equipment under construction are recorded at cost, net of accumulated depreciation. Costs are capitalized as incurred and for our satellite include construction, launch and insurance. Satellite construction costs, including launch services and insurance, are generally procured under long-term contracts that provide for payments by us over the contract periods. Also, we are constructing gateway facilities and network operations systems to support the satellite under construction and these construction costs are capitalized as incurred. Interest expense is capitalized on the carrying value of the satellite and related gateway and networking equipment during the construction period. Satellite construction and launch services costs are capitalized to reflect progress toward completion, which typically coincides with contract milestone payment schedules. Insurance premiums related to the satellite launch and subsequent in-orbit testing are capitalized and amortized over the estimated useful lives of the satellite. Performance incentives payable in future periods are dependent on the continued satisfactory performance of the satellite in service.

As a result of the acquisition of WildBlue on December 15, 2009, we acquired the WildBlue-1 satellite (which was placed into service in March 2007) and an exclusive prepaid lifetime capital lease of Ka-band capacity on Telesat Canada’s Anik F2 satellite (which was placed into service in April 2005) and related gateway equipment on both satellites. The acquired assets also included the indoor and outdoor customer premise equipment (CPE) units leased to subscribers under WildBlue’s retail leasing program.

Occasionally, we may enter into capital lease arrangements for various machinery, equipment, computer-related equipment, software, furniture or fixtures. As of October 1, 2010, assets under capital lease totaled approximately $2.7 million. During the three and six months ended October 1, 2010, we recorded immaterial amounts of capital lease amortization in depreciation expense. There were no assets under capital lease as of April 1, 2010 and no capital lease amortization for the three and six months ended October 2, 2009.

***Impairment of long-lived assets (property, equipment and satellites, and other assets)***

In accordance with the authoritative guidance for impairment or disposal of long-lived assets (SFAS 144, “Accounting for the 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 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.

***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. In accordance with the authoritative guidance for income taxes (SFAS 109, “Accounting 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. Our valuation allowance against deferred tax assets increased from $13.1 million at April 2, 2010 to $13.4 million at October 1, 2010. The valuation allowance primarily relates to state net operating loss carryforwards and research credit carryforwards available to reduce state income taxes.

Accruals for uncertain tax positions are provided for in accordance with the authoritative guidance for accounting for uncertainty in income taxes (Financial Accounting Standards Board (FASB) Interpretation No. 48 (FIN 48), “Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109” / 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 current and 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 product, service or total revenues, income statement data for the periods indicated.

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | October 1, 2010 | October 2, 2009 | October 1, 2010 | October 2, 2009 |
| Revenues | 100.0% | 100.0% | 100.0% | 100.0% |
| Product revenues | 64.5 | 94.2 | 64.8 | 94.3 |
| Service revenues | 35.5 | 5.8 | 35.2 | 5.7 |
| Operating expenses: | | | | |
| Cost of product revenues | 69.3 | 69.3 | 72.5 | 70.0 |
| Cost of service revenues | 59.3 | 73.3 | 58.8 | 70.8 |
| Selling, general and administrative | 21.2 | 18.0 | 20.7 | 17.5 |
| Independent research and development | 3.9 | 4.2 | 3.8 | 4.3 |
| Amortization of acquired intangible assets | 2.6 | 0.8 | 2.5 | 0.9 |
| Income from operations | 6.6 | 7.5 | 5.2 | 7.3 |
| Income before income taxes | 6.2 | 7.4 | 4.5 | 7.2 |
| Net income | 3.9 | 5.7 | 2.9 | 5.4 |
| Net income attributable to ViaSat, Inc. | 3.9 | 5.7 | 2.8 | 5.5 |

**Three Months Ended October 1, 2010 vs. Three Months Ended October 2, 2009**

*Product revenues*

| | Three Months Ended | | Dollar Increase | Percentage Increase |
|---|---|---|---|---|
| (In millions, except percentages) | October 1, 2010 | October 2, 2009 | (Decrease) | (Decrease) |
| Product revenues | $127.6 | $151.3 | $(23.8) | (15.7)% |
| Percentage of total revenues | 64.5% | 94.2% | | |

Product revenues decreased from $151.3 million to $127.6 million during the second quarter of fiscal year 2011 compared to the same period last fiscal year. The decrease in product revenues was primarily due to lower product sales of $10.3 million in consumer broadband products, $7.6 million in tactical data link products, $6.2 million in satellite networking technology development programs, $2.3 million in unmanned aerial vehicles (UAVs) related products, $2.2 million related to mobile broadband satellite communication systems and approximately $2.2 million from various other defense and commercial products. These decreases were offset by higher product sales of $3.6 million in antenna systems products and $3.4 million from next-generation broadband equipment development programs.

*Service revenues*

| (In millions, except percentages) | Three Months Ended October 1, 2010 | Three Months Ended October 2, 2009 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Service revenues | $70.3 | $9.3 | $61.0 | 654.0% |
| Percentage of total revenues | 35.5% | 5.8% | | |

Service revenues increased from $9.3 million to $70.3 million during the second quarter of fiscal year 2011 compared to the second quarter of fiscal year 2010 primarily due to the acquisition of WildBlue in December 2009, which contributed $53.5 million of service revenues in the second quarter of fiscal year 2011. The remainder of the service revenue increase was driven by higher sales of $3.8 million in government satellite communication systems services and approximately $3.7 million spread across various other commercial and defense services.

*Cost of product revenues*

| (In millions, except percentages) | Three Months Ended October 1, 2010 | Three Months Ended October 2, 2009 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Cost of product revenues | $88.5 | $104.8 | $(16.4) | (15.6)% |
| Percentage of product revenues | 69.3% | 69.3% | | |

Cost of product revenues decreased approximately $16.4 million from $104.8 million to $88.5 million during the second quarter of fiscal year 2011 compared to the second quarter of fiscal year 2010 primarily due to decreased product revenues as margin basis remained overall unchanged. Across various defense products, we experienced product cost reductions (on a constant margin basis), which were offset by product cost increases (on a constant margin basis) spread across various commercial products. Cost of product revenues may fluctuate in future periods depending on the mix of products sold, competition, new product introduction costs and other factors.

*Cost of service revenues*

| (In millions, except percentages) | Three Months Ended October 1, 2010 | Three Months Ended October 2, 2009 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Cost of service revenues | $41.7 | $ 6.8 | $34.9 | 510.4% |
| Percentage of service revenues | 59.3% | 73.3% | | |

Cost of service revenues increased from $6.8 million to $41.7 million during the second quarter of fiscal year 2011 compared to the second quarter of fiscal year 2010 primarily due to the service revenue increase resulting from the acquisition of WildBlue in December 2009, as well as service revenue increases from our government satellite communication systems services and mobile broadband services. These increases in cost of service revenues were slightly offset by cost of service reductions (on a constant margin basis) from our government satellite communication systems services.

*Selling, general and administrative expenses*

| (In millions, except percentages) | Three Months Ended October 1, 2010 | Three Months Ended October 2, 2009 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Selling, general and administrative | $42.0 | $28.9 | $13.0 | 45.0% |
| Percentage of total revenues | 21.2% | 18.0% | | |

The increase in selling, general and administrative (SG&A) expenses of $13.0 million in the second quarter of fiscal year 2011 compared to the second quarter of fiscal year 2010 was primarily attributable to $14.3 million in SG&A attributable to WildBlue in the second quarter of fiscal year 2011 compared to $2.5 million in transaction-related expenses incurred during the second quarter of fiscal year 2010 in connection with the then-pending WildBlue acquisition. The remaining increase in SG&A in the second quarter of fiscal year 2011 compared to the same period last fiscal year relates to increased support costs to support our business growth. 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. Some SG&A expenses are difficult to predict and vary based on specific government, commercial and satellite service sales opportunities.

*Independent research and development*

| (In millions, except percentages) | Three Months Ended October 1, 2010 | Three Months Ended October 2, 2009 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Independent research and development | $7.6 | $6.7 | $0.9 | 13.9% |
| Percentage of total revenues | 3.9% | 4.2% | | |

The increase in independent, research and development (IR&D) expenses of approximately $0.9 million in the second quarter of fiscal year 2011 compared to the second quarter of fiscal year 2010 reflected an increase in our government systems segment of approximately $0.6 million, principally related to next-generation military satellite communication systems development programs and our commercial networks segment of approximately $0.3 million.

*Amortization of acquired intangible assets*

We amortize our acquired intangible assets from prior acquisitions over their estimated useful lives ranging from eight months to ten years. The increase in amortization of approximately $3.7 million in the second quarter of fiscal year 2011 compared to the same period last fiscal year was primarily due to the amortization of approximately $3.2 million related to the new intangibles acquired as a result of the WildBlue acquisition in December 2009 and an increase in amortization of approximately $0.6 million related to the new intangibles acquired as a result of the Stonewood acquisition in July 2010, slightly offset by a decrease in amortization due to the fact that certain acquired technology intangibles in our commercial networks segment became fully amortized over the preceding twelve months. Current and expected amortization expense for each of the following periods is as follows:

| | Amortization (In thousands) |
|---|---|
| For the six months ended October 1, 2010 | $ 9,704 |
| | |
| Expected for the remainder of fiscal year 2011 | $ 9,848 |
| Expected for fiscal year 2012 | 18,898 |
| Expected for fiscal year 2013 | 15,788 |
| Expected for fiscal year 2014 | 14,044 |
| Expected for fiscal year 2015 | 13,968 |
| Thereafter | 18,837 |
| | $ 91,383 |

*Interest income*

Interest income in the three months ended October 1, 2010 compared to the three months ended October 2, 2009 remained relatively flat as we experienced similar average interest rates on our investments and slightly lower average invested cash balances during the second quarter of fiscal year 2011 compared to the same period last fiscal year.

*Interest expense*

The increase in interest expense from the second quarter of fiscal year 2010 to the second quarter of fiscal year 2011 of $0.7 million was primarily due to the interest expense incurred during the three months ended October 1, 2010 on the Notes, which were issued during the third quarter of fiscal year 2010. This increase in interest expense was slightly offset by a reduction in the interest expense incurred under the Credit Facility, which had lower average outstanding balances during the second quarter of fiscal year 2011 compared to second quarter of fiscal year 2010. Interest expense is net of capitalized interest associated with the construction of our ViaSat-1 satellite and other assets currently under construction of $6.7 million and $1.2 million for the three months ended October 1, 2010 and October 2, 2009, respectively.

*Provision for income taxes*

Our effective tax rate for the three months ended October 1, 2010 was approximately 36.0%, which approximates the 36.5% estimated annual effective tax rate for fiscal year 2011, compared to an effective tax rate of 23.6% for the three months ended October 2, 2009. As a result of the December 31, 2009 expiration of the federal research and development tax credit, our estimated annual effective tax rate for fiscal year 2011 does not include the benefit of the federal research and development tax credit. If the federal research and development tax credit is reinstated, we may have a lower annual effective tax rate for fiscal year 2011 and the amount of any such tax rate reduction will depend on the effective date of any such reinstatement, the terms of the reinstatement, as well as the amount of eligible research and development expenses in the reinstated period.

**Segment Results for the Three Months Ended October 1, 2010 vs. Three Months Ended October 2, 2009**

***Government systems segment***

*Revenues*

| (In millions, except percentages) | Three Months Ended October 1, 2010 | Three Months Ended October 2, 2009 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Revenues | $94.9 | $102.8 | $(7.9) | (7.6)% |

The revenue decrease in our government systems segment in the second quarter of fiscal year 2011 compared to the second quarter of fiscal year 2010 was primarily attributable to lower revenues of $6.8 million in tactical data link products and services, $2.0 million in information assurance products and $2.0 million in UAV-related products, offset by higher sales of $3.0 million in government satellite communication systems.

*Segment operating profit*

| (In millions, except percentages) | Three Months Ended October 1, 2010 | Three Months Ended October 2, 2009 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Operating profit | $12.8 | $14.3 | $(1.5) | (10.2)% |
| Percentage of segment revenue | 13.5% | 13.9% | | |

The decrease in our government systems segment operating profit of $1.5 million during the second quarter of fiscal year 2011 compared to the second quarter of fiscal year 2010 was due to decreased revenues, an increase in selling, support and new business proposal costs of approximately $2.6 million and an increase in IR&D expenses of approximately $0.6 million, offset by higher product contributions of $1.7 million mainly related to our government satellite communication programs in the second quarter of fiscal year 2011.

***Commercial networks segment***

*Revenues*

| (In millions, except percentages) | Three Months Ended October 1, 2010 | Three Months Ended October 2, 2009 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Revenues | $44.3 | $54.4 | $(10.1) | (18.5)% |

The decrease in commercial networks segment revenue in the second quarter of fiscal year 2011 compared to the second quarter of fiscal year 2010 of approximately $10.1 million was primarily attributable to decreases in revenues of $10.8 million in consumer broadband products and services, $5.8 million in satellite networking technology development programs and $2.1 million related to mobile broadband satellite communication systems, offset by higher sales of $4.6 million in antenna systems products and services and $3.4 million in next-generation broadband equipment development programs.

*Segment operating (loss) profit*

| (In millions, except percentages) | Three Months Ended October 1, 2010 | Three Months Ended October 2, 2009 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Operating (loss) profit | $(2.3) | $2.5 | $(4.8) | (195.8)% |
| Percentage of segment revenues | (5.3)% | 4.5% | | |

Our commercial networks segment results yielded an operating loss in the second quarter of fiscal year 2011 compared to an operating profit in the same period last fiscal year. This change was primarily due to lower earnings contributions of approximately $5.4 million from lower revenues and an increase in IR&D costs of approximately $0.3 million, which were partly offset by a decrease in selling, support and new business proposal costs of approximately $0.9 million.

***Satellite services segment***

*Revenues*

| (In millions, except percentages) | Three Months Ended October 1, 2010 | Three Months Ended October 2, 2009 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Revenues | $58.6 | $3.5 | $55.1 | 1,576.4% |

The increase in satellite services segment revenue in the second quarter of fiscal year 2011 compared to the second quarter of fiscal year 2010 of approximately $55.1 million was primarily attributable to the acquisition of WildBlue in December 2009.

*Segment operating profit (loss)*

| (In millions, except percentages) | Three Months Ended October 1, 2010 | Three Months Ended October 2, 2009 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Operating profit (loss) | $ 7.7 | $ (3.3) | $11.0 | 331.1% |
| Percentage of segment revenues | 13.1% | (95.3)% | | |

Our satellite services segment generated an operating profit in the second quarter of fiscal year 2011 compared to an operating loss in the same period last fiscal year. This change was primarily attributable to the operating results of WildBlue, which was acquired in December 2009.

**Six Months Ended October 1, 2010 vs. Six Months Ended October 2, 2009**

*Product revenues*

| (In millions, except percentages) | Six Months Ended October 1, 2010 | Six Months Ended October 2, 2009 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Product revenues | $252.6 | $300.7 | $(48.2) | (16.0)% |
| Percentage of total revenues | 64.8% | 94.3% | | |

Product revenues decreased from $300.7 million to $252.6 million during the first six months of fiscal year 2011 compared to the same period last fiscal year. The decrease in product revenues was primarily due to lower product sales of $17.2 million in consumer broadband products, $16.0 million in enterprise VSAT networks and products, $11.5 million in satellite networking technology development programs, $11.5 million in tactical data link products, $7.4 million in information assurance products and $2.7 million in mobile broadband satellite communication systems, offset by higher product sales of $12.5 million in antenna systems products, $3.7 million in next-generation broadband equipment development programs and approximately $1.9 million from various other commercial products.

*Service revenues*

| (In millions, except percentages) | Six Months Ended October 1, 2010 | Six Months Ended October 2, 2009 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Service revenues | $137.3 | $18.3 | $119.0 | 649.0% |
| Percentage of total revenues | 35.2% | 5.7% | | |

Service revenues increased from $18.3 million to $137.3 million during the first six months of fiscal year 2011 compared to the first six months of fiscal year 2010 primarily due to the acquisition of WildBlue in December 2009, which contributed $107.0 million of service revenues in the first six months of fiscal year 2011. The remainder of the service revenue increase was primarily driven by service revenue growth of approximately $7.3 million from our government satellite communication systems, $1.4 million from mobile broadband services, $1.2 million from our antenna systems services and $2.1 million from various other defense and commercial services.

*Cost of product revenues*

| (In millions, except percentages) | Six Months Ended October 1, 2010 | Six Months Ended October 2, 2009 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Cost of product revenues | $183.2 | $210.4 | $(27.2) | (12.9)% |
| Percentage of product revenues | 72.5% | 70.0% | | |

Cost of product revenues decreased from $210.4 million to $183.2 million during the first six months of fiscal year 2011 compared to the first six months of fiscal year 2010 primarily due to decreased product revenues, which caused a decrease of approximately $33.7 million in cost of product revenues (on a constant margin basis) and approximately $2.0 million of cost reductions spread across various other defense and commercial products, offset by an increase in cost of product revenues of $8.5 million due to an additional program forward loss in our government systems segment for a government satellite communication program recorded in the first quarter of fiscal year 2011, as discussed below.

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 in our fiscal second quarter. 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. While we believe the additional forward loss is adequate to cover known risks to date and that steps taken to improve the program performance will be effective, the program is on going and our efforts and the end results must be satisfactory to the customer. We believe that our estimate of costs to complete the program is appropriate based on known information, but cannot provide absolute assurance that additional costs will not be incurred.

Cost of product revenues may fluctuate in future periods depending on the mix of products sold, competition, new product introduction costs and other factors.

*Cost of service revenues*

| (In millions, except percentages) | Six Months Ended October 1, 2010 | Six Months Ended October 2, 2009 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Cost of service revenues | $80.8 | $13.0 | $67.8 | 522.6% |
| Percentage of service revenues | 58.8% | 70.8% | | |

Cost of service revenues increased from $13.0 million to $80.8 million during the first six months of fiscal year 2011 compared to the first six months of fiscal year 2010 primarily due to the service revenue increase resulting from the acquisition of WildBlue in December 2009, which represented approximately $59.8 million of cost of service revenues increase in the first six months of fiscal year 2011. The remainder of the increase in cost of service revenues, approximately $4.7 million in our government satellite communication systems services and approximately $2.2 million in our mobile broadband services, was primarily driven by service revenue increases and approximately $1.1 million of cost increases spread across various other defense and commercial services. Cost of service revenues may fluctuate in future periods depending on the mix of services provided, competition, new service introduction costs and other factors.

*Selling, general and administrative expenses*

| (In millions, except percentages) | Six Months Ended October 1, 2010 | Six Months Ended October 2, 2009 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Selling, general and administrative | $80.9 | $55.8 | $25.0 | 44.8% |
| Percentage of total revenues | 20.7% | 17.5% | | |

The increase in SG&A expenses of $25.0 million in the first six months of fiscal year 2011 compared to the same period last fiscal year was primarily attributable to $26.4 million in SG&A attributable to WildBlue in the first six months of fiscal year 2011, of which $0.5 million related to additional post-acquisition charges recorded for restructuring costs related to terminated employees, compared to $2.5 million in transaction-related expenses incurred during the same period of last fiscal year in connection with the then-pending WildBlue acquisition. The remaining $1.1 million increase in SG&A expense in the first six months of fiscal year 2011 compared to the same period last fiscal year mainly relates to increased support costs related to business growth mainly in our government systems 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. Some SG&A expenses are difficult to predict and vary based on specific government, commercial and satellite service sales opportunities.

*Independent research and development*

| (In millions, except percentages) | Six Months Ended October 1, 2010 | Six Months Ended October 2, 2009 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Independent research and development | $14.9 | $13.7 | $1.2 | 9.1% |
| Percentage of total revenues | 3.8% | 4.3% | | |

The increase in IR&D expenses of approximately $1.2 million in the first six months of fiscal year 2011 compared to the first six months of fiscal year 2010 reflected an increase in the commercial networks segment of $1.6 million, principally related to development of next-generation consumer broadband products, offset by a decrease in the government systems segment of approximately $0.4 million.

*Amortization of acquired intangible assets*

We amortize our acquired intangible assets from prior acquisitions over their estimated useful lives ranging from eight months to ten years. The increase in amortization of approximately $6.8 million in the first six months of fiscal year 2011 compared to the same period last fiscal year was primarily due to the amortization of approximately $6.5 million related to the new intangibles acquired as a result of the WildBlue acquisition in December 2009 and an increase in amortization of approximately $0.6 million related to the new intangibles acquired as a result of the Stonewood acquisition in July 2010, slightly offset by a decrease in amortization due to the fact that certain acquired technology intangibles in our commercial networks segment became fully amortized over the preceding twelve months. Current and expected amortization expense for each of the following periods is as follows:

| | Amortization (In thousands) |
|---|---|
| For the six months ended October 1, 2010 | $ 9,704 |
| | |
| Expected for the remainder of fiscal year 2011 | $ 9,848 |
| Expected for fiscal year 2012 | 18,898 |
| Expected for fiscal year 2013 | 15,788 |
| Expected for fiscal year 2014 | 14,044 |
| Expected for fiscal year 2015 | 13,968 |
| Thereafter | 18,837 |
| | $ 91,383 |

*Interest income*

Interest income for the six months ended October 1, 2010 compared to the six months ended October 2, 2009 remained relatively flat as we experienced similar average interest rates on our investments but slightly higher average invested cash balances during the first six months of fiscal year 2011 compared to the same period last fiscal year.

*Interest expense*

The increase in interest expense from the first six months of fiscal year 2010 to the first six months of fiscal year 2011 of $2.7 million was primarily due to the interest expense incurred during the six months ended October 1, 2010 on the Notes, which were issued during the third quarter of fiscal year 2010. Interest expense is net of capitalized interest associated with the construction of our ViaSat-1 satellite and other assets currently under construction of $12.7 million and $1.2 million for the six months ended October 1, 2010 and October 2, 2009, respectively.

*Provision for income taxes*

Our effective tax rate for the six months ended October 1, 2010 was approximately 36.2%, which approximates the 36.5% estimated annual effective tax rate for fiscal year 2011, compared to an effective tax rate of 24.7% for the six months ended October 2, 2009. As a result of the December 31, 2009 expiration of the federal research and development tax credit, our estimated annual effective tax rate for fiscal year 2011 does not include the benefit of the federal research and development tax credit. If the federal research and development tax credit is reinstated, we may have a lower annual effective tax rate for fiscal year 2011 and the amount of any such tax rate reduction will depend on the effective date of any such reinstatement, the terms of the reinstatement, as well as the amount of eligible research and development expenses in the reinstated period.

**Segment Results for the Six Months Ended October 1, 2010 vs. Six Months Ended October 2, 2009**

***Government systems segment***

*Revenues*

| (In millions, except percentages) | Six Months Ended October 1, 2010 | Six Months Ended October 2, 2009 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Revenues | $183.8 | $195.4 | $(11.6) | (5.9)% |

The revenue decrease in our government systems segment in the first six months of fiscal year 2011 compared to the first six months of fiscal year 2010 was primarily attributable to lower revenues of $10.4 million in tactical data link products and services, $7.4 million in information assurance products and $1.6 million in UAV-related products, offset by higher sales of $7.3 million in government satellite communication systems services.

*Segment operating profit*

| (In millions, except percentages) | Six Months Ended October 1, 2010 | Six Months Ended October 2, 2009 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Operating profit | $14.5 | $26.4 | $(11.9) | (45.2)% |
| Percentage of segment revenue | 7.9% | 13.5% | | |

The decrease in our government systems segment operating profit of $11.9 million during the first six months of fiscal year 2011 compared to the first six months of fiscal year 2010 was primarily due to decreased revenues coupled with lower product contributions, mainly related to the $8.5 million forward loss recorded on a government satellite communication program in the first quarter of fiscal year 2011 as discussed below, as well as an increase in selling, support and new business proposal costs.

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 in our fiscal second quarter. 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. While we believe the additional forward loss is adequate to cover known risks to date and that steps taken to improve the program performance will be effective, the program is on going and our efforts and the end results must be satisfactory to the customer. We believe that our estimate of costs to complete the program is appropriate based on known information, but cannot provide absolute assurance that additional costs will not be incurred.

***Commercial networks segment***

*Revenues*

| (In millions, except percentages) | Six Months Ended October 1, 2010 | Six Months Ended October 2, 2009 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Revenues | $89.9 | $117.7 | $(27.8) | (23.6)% |

The decrease of approximately $27.8 million in commercial networks segment revenue in the first six months of fiscal year 2011 compared to the first six months of fiscal year 2010 was primarily attributable to decreases in revenues of $18.3 million in consumer broadband products and services, $15.2 million in enterprise VSAT networks products and services, $10.9 million in satellite networking technology development and $2.6 million in mobile broadband satellite communication systems, offset by higher sales of $13.6 million in antenna systems products and services, $3.7 million in next-generation broadband equipment development programs and approximately $1.9 million spread across various other products and services.

*Segment operating (loss) profit*

| (In millions, except percentages) | Six Months Ended October 1, 2010 | Six Months Ended October 2, 2009 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Operating (loss) profit | $ (3.5) | $3.8 | $(7.3) | (192.9)% |
| Percentage of segment revenues | (3.9)% | 3.2% | | |

Our commercial networks segment results yielded an operating loss in the first six months of fiscal year 2011 compared to an operating profit in the same period last fiscal year. This change was primarily due to lower earnings contributions of approximately $9.0 million from lower revenues and an increase in IR&D costs of approximately $1.6 million, which were partly offset by a decrease in selling, support and new business proposal costs of approximately $3.2 million.

***Satellite services segment***

*Revenues*

| (In millions, except percentages) | Six Months Ended October 1, 2010 | Six Months Ended October 2, 2009 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Revenues | $116.2 | $6.0 | $110.2 | 1,836.7% |

The increase of approximately $110.2 million in satellite services segment revenue in the first six months of fiscal year 2011 compared to the first six months of fiscal year 2010 was primarily attributable to the acquisition of WildBlue in December 2009, which contributed $109.2 million of revenues in our satellite services segment in the first six months of fiscal year 2011. The remainder of the revenue increase in our satellite services segment was primarily driven by growth in our mobile broadband services revenues.

*Segment operating profit (loss)*

| (In millions, except percentages) | Six Months Ended October 1, 2010 | Six Months Ended October 2, 2009 | Dollar Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Operating profit (loss) | $19.2 | $ (4.0) | $23.2 | 574.2% |
| Percentage of segment revenues | 16.5% | (67.4)% | | |

Our satellite services segment generated an operating profit in the first six months of fiscal year 2011 compared to an operating loss in the same period last fiscal year. This change was primarily attributable to the acquisition of WildBlue in December 2009.

**Backlog**

As reflected in the table below, firm backlog increased during the first six months of fiscal year 2011, primarily due to some expected contract awards we pursued in fiscal year 2010 and negotiations completed in the first six months of fiscal year 2011. Funded backlog remained relatively flat.

| | October 1, 2010 (In millions) | April 2, 2010 |
|---|---|---|
| **Firm backlog** | | |
| Government Systems segment | $ 272.1 | $ 217.8 |
| Commercial Networks segment | 246.6 | 283.5 |
| Satellite Services segment | 23.6 | 27.5 |
| Total | $ 542.3 | $ 528.8 |
| **Funded backlog** | | |
| Government Systems segment | $ 249.4 | $ 210.0 |
| Commercial Networks segment | 246.6 | 283.5 |
| Satellite Services segment | 23.6 | 27.5 |
| Total | $ 519.6 | $ 521.0 |
| Contract options | $ 27.4 | $ 27.3 |

The firm backlog does not include contract options. Of the $542.3 million in firm backlog, approximately $222.2 million is expected to be delivered during the remaining six months of fiscal year 2011, and the balance is expected to be delivered in fiscal year 2012 and thereafter. We include in our backlog only those orders for which we have accepted purchase orders.

Our total new awards were $251.7 million and $404.6 million in the three and six months ended October 1, 2010, respectively, compared to $225.7 million and $346.3 million for the three and six months ended October 2, 2009, 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 as presented 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 fundings have 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 and equity financing. The general cash needs of our government systems, commercial networks and satellite services segments can vary significantly and depend on the type and mix of contracts in backlog (i.e., product or service, development or production, and timing of payments), the quality of the customer (i.e., government or commercial, domestic or international), the duration of the contract and the timing of payment of capital expenditures (e.g., milestones under our satellite construction and launch contracts). In addition, primarily within our government systems and commercial networks segments, program performance significantly impacts the timing and amount of cash flows. If a program is performing and meeting its contractual requirements, then the cash flow requirements are usually lower. The cash needs of the government systems segment tend to be more a function of the type of contract rather than customer quality. Also, U.S. government procurement regulations tend to restrict the timing of cash payments on the contract. In the commercial networks and satellite services segments, our cash needs are driven primarily by the quality of the customer and the type of contract. The quality of the customer can affect the specific contract cash flow and whether financing instruments are required by the customer. In addition, the commercial networks and satellite services financing environments tend to provide for more flexible payment terms with customers, including advance payments.

Cash provided by operating activities for the first six months of fiscal year 2011 was $96.1 million as compared to cash provided by operating activities of $0.9 million for the first six months of fiscal year 2010. This $95.2 million increase in cash provided by operating activities was primarily derived from a $50.4 million year-over-year net decrease in cash used for net operating assets coupled with an additional $44.8 million generated from operating results (net income adjusted for depreciation, amortization and other non-cash charges). The net operating asset decrease was predominantly due to an increase of approximately $7.7 million from April 2, 2010 in our collections in excess of revenues and deferred revenues included in accrued liabilities, primarily due to timing of billings in our satellite services segment, and a decrease of approximately $4.4 million from April 2, 2010 in our combined billed and unbilled accounts receivable, net, primarily due to collection and timing of certain milestones in our commercial networks segment.

Cash used in investing activities in the first six months of fiscal year 2011 was $131.4 million as compared to $61.7 million for the first six months of fiscal year 2010. This $69.7 million increase in cash used in investing activities was primarily related to an increase of approximately $45.8 million in capital expenditures for constructing gateway facilities and network operation systems, new CPE units and other general purpose equipment, an increase of approximately $7.9 million in payments for the construction of ViaSat-1 and approximately $13.5 million of net cash used for the acquisition of Stonewood.

Cash used in financing activities for the first six months of fiscal year 2011 was $0.7 million as compared to cash provided by financing activities of $80.8 million for the first six months of fiscal year 2010. This $81.4 million increase in cash outflow was primarily related to the $15.0 million, net, repayment of borrowings under our Credit Facility, compared to $80.0 million in proceeds, net of issuance costs, received from borrowings under our Credit Facility during the same period last fiscal year. In addition, cash provided by financing activities for both periods included cash received from stock option exercises and employee stock purchase plan purchases, which was approximately $11.8 million higher for the first six months of fiscal year 2011 compared to the same period last fiscal year, offset by 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.

***Satellite-related activities***

In January 2008, we entered into several agreements with Space Systems/Loral, Inc. (SS/L), Loral Space & Communications, Inc. (Loral) and Telesat Canada related to our anticipated high-capacity satellite system. Under the satellite construction contract with SS/L, we purchased ViaSat-1, a new high-capacity Ka-band spot-beam satellite designed by us and currently under construction by SS/L for approximately $209.1 million, subject to purchase price adjustments based on satellite performance. The total cost of the satellite is $246.0 million, but, as part of the satellite purchase arrangements, Loral executed a separate contract with SS/L whereby Loral is purchasing the Canadian beams on the ViaSat-1 satellite for approximately $36.9 million (15% of the total satellite cost). We have entered into a beam sharing agreement with Loral, whereby Loral has agreed to reimburse us for 15% of the total costs associated with launch and launch insurance, which is estimated to be approximately $22.5 million, and in-orbit insurance and satellite operating costs post launch.

In November 2008, we entered into a launch services agreement with Arianespace to procure launch services for ViaSat-1 at a cost estimated to be $107.8 million, depending on the mass of the satellite at launch. In March 2009, we substituted ILS International Launch Services, Inc. (ILS) for Arianespace as the primary provider of launch services for ViaSat-1 and, accordingly, we entered into a contract for launch services with ILS to procure launch services for ViaSat-1 at an estimated cost of approximately $80.0 million, subject to certain adjustments, resulting in a net savings of approximately $20.0 million.

On May 7, 2009, we entered into an Amended and Restated Launch Services Agreement with Arianespace whereby Arianespace has agreed to perform certain launch services to maintain the launch capability for ViaSat-1, should the need arise, or for launch services of a future ViaSat satellite launch prior to December 2015. This amendment and restatement also provides for certain cost adjustments depending on fluctuations in foreign currencies, mass of the satellite launched and launch period timing.

The projected total cost of the ViaSat-1 project, including the satellite, launch, insurance and related gateway infrastructure, through in-service of the satellite is estimated to be approximately $400.0 million, excluding capitalized interest, and will depend on the timing of the gateway infrastructure roll-out, among other things. However, we anticipate capitalizing certain amounts of interest expense related to our outstanding borrowings in connection with our capital projects under construction, such as construction of ViaSat-1 and other assets. We continually evaluate alternative strategies that would limit our total required investment. We believe we have adequate sources of funding for the project, which includes our cash on hand, the cash we expect to generate from operations over the next few years, and additional borrowing ability based on our financial position and debt leverage ratio. We believe this provides us flexibility to execute this project in an appropriate manner and/or obtain outside equity under terms that we consider reasonable.

***Senior Notes due 2016***

On October 22, 2009, we issued $275.0 million in principal amount of Notes in a private placement to institutional buyers. The Notes were exchanged in May 2010 for substantially identical Notes that had been registered with the SEC. The Notes bear interest at the rate of 8.875% per year, payable semi-annually in cash in arrears, which interest payments commenced in March 2010. The Notes were issued with an original issue discount of 1.24%, or $3.4 million. The Notes are recorded as long-term debt, net of original issue discount, in our consolidated financial statements. The original issue discount and deferred financing cost associated with the issuance of the Notes are amortized to interest expense over the term of the Notes.

The Notes are guaranteed on an unsecured senior basis by each of our existing and future subsidiaries that guarantees the Credit Facility. The Notes and the guarantees are our and the guarantors' general senior unsecured obligations and rank equally in right of payment with all of their existing and future unsecured unsubordinated debt. The Notes and the guarantees are effectively junior in right of payment to their existing and future secured debt, including under the Credit Facility (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 are not guarantors of the Notes, and are senior in right of payment to all of their existing and future subordinated indebtedness.

The indenture governing the 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.

Prior to September 15, 2012, we may redeem up to 35% of the Notes at a redemption price of 108.875% of the principal amount thereof, plus accrued and unpaid interest, if any, thereon to the redemption date, from the net cash proceeds of specified equity offerings. We may also redeem the Notes prior to September 15, 2012, in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus the applicable premium and any accrued and unpaid interest, if any, thereon to the redemption date. The applicable premium is calculated as the greater of: (i) 1.0% of the principal amount of such Notes and (ii) the excess, if any, of (a) the present value at such date of redemption of (1) the redemption price of such Notes on September 15, 2012 plus (2) all required interest payments due on such Notes through September 15, 2012 (excluding accrued but unpaid interest to the date of redemption), computed using a discount rate equal to the treasury rate (as defined under the indenture) plus 50 basis points, over (b) the then-outstanding principal amount of such Notes. The Notes may be redeemed, in whole or in part, at any time during the twelve months beginning on September 15, 2012 at a redemption price of 106.656%, during the twelve months beginning on September 15, 2013 at a redemption price of 104.438%, during the twelve months beginning on September 15, 2014 at a redemption price of 102.219%, and at any time on or after September 12, 2015 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 under the indenture), each holder will have the right to require us to repurchase all or any part (equal to $2,000 or larger integral multiples of $1,000) of such holder's Notes at a purchase price in cash equal to 101% of the aggregate principal amount of the 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).

***Credit Facility and liquidity***

We invest our cash in excess of current operating requirements in short-term, interest-bearing, investment-grade securities. At October 1, 2010, we had $53.8 million in cash and cash equivalents, $172.5 million in working capital and $45.0 million in principal amount of outstanding borrowings under our Credit Facility. At April 2, 2010, we had $89.6 million in cash and cash equivalents, $214.5 million in working capital and $60.0 million in principal amount of outstanding borrowings under our Credit Facility. Our cash and cash equivalents are held in accounts managed by third party financial institutions. To date, we have experienced no loss of access to our cash equivalents; however, there can be no assurance that access to our cash and cash equivalents will not be impacted by adverse conditions in the financial markets.

The Credit Facility, as amended, provides a revolving line of credit of $275.0 million (including up to $35.0 million of letters of credit), which matures on July 1, 2012. Borrowings under the Credit Facility bear interest, at our option, at either (1) the highest of the Federal Funds rate plus 0.50%, Eurodollar rate plus 1.00% or the administrative agent's prime rate as announced from time to time, or (2) at the Eurodollar rate plus, in the case of each of (1) and (2), an applicable margin that is based on the ratio of our debt to earnings before interest, taxes, depreciation and amortization (EBITDA). At October 1, 2010, the weighted average effective interest rate on our outstanding borrowings under the Credit Facility was 4.29%. We have capitalized certain amounts of interest expense on our Credit Facility in connection with the construction of ViaSat-1 and other assets currently under construction. The Credit Facility is guaranteed by certain of our domestic subsidiaries and collateralized by substantially all of our respective assets.

At October 1, 2010, we had $45.0 million in principal amount of outstanding borrowings under the Credit Facility and $13.4 million outstanding under standby letters of credit, leaving borrowing availability under the Credit Facility of $216.6 million. At April 2, 2010, we had $60.0 million in principal amount of outstanding borrowings under the Credit Facility and $12.9 million outstanding under standby letters of credit.

The Credit Facility contains financial covenants regarding a maximum leverage ratio, a maximum senior secured leverage ratio and a minimum interest coverage ratio. In addition, the 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.

To further enhance our liquidity position, we may obtain additional financing, which could consist of debt, convertible debt or equity financing from public and/or private capital markets. In March 2010, 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 or agents at amounts, prices, interest rates and other terms to be determined at the time of the offering.

On March 31, 2010, we and certain WildBlue Investors completed the sale of an aggregate of 6,900,000 shares of ViaSat common stock in an underwritten public offering, 3,173,962 of which were sold by us and 3,726,038 of which were sold by such WildBlue Investors. Our net proceeds from the offering were approximately $100.5 million. The shares sold by WildBlue Investors in the offering constituted shares of our common stock issued to such WildBlue Investors in connection with our acquisition of WildBlue. On April 1, 2010, we used $80.0 million of the net proceeds to repay outstanding borrowings under the Credit Facility. We expect to use the remaining net proceeds from the offering for general corporate purposes, which may include working capital, capital expenditures, financing costs related to the purchase, launch and operation of ViaSat-1 or any future satellite, or other potential acquisitions.

Our future capital requirements will depend upon many factors, including the timing and amount of cash required for the ViaSat-1 satellite project pursuant to our contractual commitments, other future broadband satellite projects we may engage in, 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. We believe that our current cash balances and net cash expected to be provided by operating activities along with availability under our Credit Facility will be sufficient to meet our anticipated operating requirements for at least the next twelve months.

**Contractual Obligations**

The following table sets forth a summary of our obligations at October 1, 2010:

| (In thousands) | Total | For the Remainder of Fiscal Year 2011 | For the Fiscal Years Ending 2012-2013 | 2014-2015 | Thereafter |
|---|---|---|---|---|---|
| Operating leases and satellite capacity agreements | $ 138,113 | $ 14,130 | $ 46,520 | $ 42,423 | $ 35,040 |
| Capital lease | 2,932 | — | 2,346 | 586 | — |
| The Notes (1) | 420,421 | 12,203 | 48,813 | 48,813 | 310,592 |
| Line of credit | 45,000 | — | 45,000 | — | — |
| Standby letters of credit | 13,377 | 5,942 | 7,435 | — | — |
| Purchase commitments including satellite-related agreements | 485,842 | 174,760 | 70,549 | 150,818 | 89,715 |
| Total | $ 1,105,685 | $ 207,035 | $ 220,663 | $ 242,640 | $ 435,347 |

(1) Includes total interest payments on the Notes of $12.2 million for the remainder of fiscal year 2011, $48.8 million in fiscal 2012-2013, $48.8 million in fiscal 2014-2015 and $35.6 million thereafter.

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 have also entered into agreements with suppliers for the construction, operation and launch of ViaSat-1. In addition, we have contracted for an additional launch which can be used as a back-up launch for ViaSat-1 or for a future satellite. 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 condensed consolidated balance sheets included $30.2 million and $24.4 million of “other liabilities” as of October 1, 2010 and April 2, 2010, respectively, which primarily consisted of our long-term warranty obligations, deferred lease credits, long-term portion of deferred revenue and long-term unrecognized tax position liabilities. 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 10 of the notes to condensed consolidated financial statements for additional information regarding our income taxes and related tax positions and Note 8 for a discussion of our product warranties.

### Recent Authoritative Guidance

In October 2009, the FASB issued authoritative guidance for revenue recognition with multiple deliverables (EITF 08-1, “Revenue Arrangements with Multiple Deliverables”). This new guidance impacts the determination of when the individual deliverables included in a multiple-element arrangement may be treated as separate units of accounting. Additionally, this guidance modifies the manner in which the transaction consideration is allocated across the separately identified deliverables by no longer permitting the residual method of allocating arrangement consideration. This guidance will be effective for us beginning in the first quarter of fiscal year 2012; however, early adoption is permitted. We are currently evaluating the impact that the authoritative guidance may have on our consolidated financial statements and disclosures.

### Off-Balance Sheet Arrangements

We had no material off-balance sheet arrangements at October 1, 2010 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 financial statements included in this Quarterly Report or in our Annual Report on Form 10-K for the year ended April 2, 2010.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk

***Interest rate risk***

Our financial instruments consist of cash and cash equivalents, trade accounts receivable, accounts payable, and short-term and long-term obligations, including the Credit Facility and the Notes. We consider investments in highly liquid instruments purchased with a remaining maturity of 90 days or less at the date of purchase to be cash equivalents. As of October 1, 2010, we had $45.0 million and $275.0 million in principal amount of outstanding borrowings under our Credit Facility and Notes, respectively, and we held no short-term investments. Our exposure to market risk for changes in interest rates relates primarily to borrowings under our Credit Facility, cash equivalents, short-term investments and short-term obligations, as our Notes bear interest at a fixed rate.

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. Given recent declines in interest rates, our interest income has been and may continue to be negatively impacted. 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 approximately $0.1 million. 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.

As of October 1, 2010, we had $45.0 million in principal amount of outstanding borrowings under our Credit Facility. Our primary interest rate under the Credit Facility is the Eurodollar rate plus an applicable margin that is based on the ratio of our debt to EBITDA. As of October 1, 2010, the weighted average effective interest rate on our outstanding borrowings under the Credit Facility was 4.29%. Assuming the outstanding balance remained constant over a year, a 50 basis point increase in the interest rate would increase interest incurred prior to effects of capitalized interest and cash flow by approximately $0.2 million.

***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 and we pay some of our vendors in Euros, we are exposed to fluctuations in foreign currency exchange rates. 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 October 1, 2010, 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 $11.7 million had a fair value of approximately $0.3 million and were recorded as a receivable as of October 1, 2010. The fair value of these foreign currency forward contracts as of October 1, 2010 would have changed by approximately $1.2 million if the foreign currency forward rate for the Euro to the U.S. dollar on these foreign currency forward contracts had changed by 10%.

**Item 4. 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 October 1, 2010, the end of the period covered by this Quarterly 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 October 1, 2010.

During the period covered by this Quarterly Report, 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.

**PART II — OTHER INFORMATION**

**Item 1. 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 actions with respect to intellectual property claims, breach of contract claims, labor and employment claims, tax and other matters. 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.

**Item 1A. Risk Factors**

In addition to the other information set forth in this Quarterly Report, you should carefully consider the factors discussed in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended April 2, 2010, which could materially affect our business, financial condition, liquidity or future results. The risks described in our reports on Forms 10-K and 10-Q are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, liquidity or future results.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

On July 8, 2010, we issued 144,962 shares of ViaSat common stock to former shareholders of Stonewood as part of the consideration paid for the acquisition of Stonewood, as described in Note 11 of the notes to condensed consolidated financial statements. The issuance of common stock was exempt from the registration requirements of the Securities Act of 1933 pursuant to Section 4(2) thereof.

**Item 6. Exhibits**

The Exhibit Index on page 55 is incorporated herein by reference as the list of exhibits required as part of this Quarterly Report.

## SIGNATURES

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

November 9, 2010

VIASAT, INC.

/s/ MARK D. DANKBERG

Mark D. Dankberg
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

/s/ RONALD G. WANGERIN

Ronald G. Wangerin
Vice President, Chief Financial Officer
(Principal Financial and Accounting Officer)

## EXHIBIT INDEX

| Exhibit Number | Exhibit Description | Form | Incorporated by Reference | | | Filed Herewith |
|---|---|---|---|---|---|---|
| | | | File No. | Exhibit | Filing Date | |
| 10.1* | Form of Change in Control Severance Agreement between ViaSat, Inc. and each of its executive officers | 8-K | 000-21767 | 10.1 | 8/4/2010 | |
| 10.2 * | 1996 Equity Participation Plan of ViaSat, Inc. (As Amended and Restated Effective September 22, 2010) | 8-K | 000-21767 | 10.1 | 9/24/2010 | |
| 31.1 | Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | | | X |
| 31.2 | Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | | | X |
| 32.1 | Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | | | | X |
| 101.INS** | XBRL Instance Document | | | | | X |
| 101.SCH** | XBRL Taxonomy Extension Schema | | | | | X |
| 101.CAL** | XBRL Taxonomy Extension Calculation Linkbase | | | | | X |
| 101.LAB** | XBRL Taxonomy Extension Labels Linkbase | | | | | X |
| 101.PRE** | XBRL Taxonomy Extension Presentation Linkbase | | | | | X |
| 101.DEF** | XBRL Taxonomy Extension Definition Linkbase | | | | | X |

* Indicates management contract, compensatory plan or arrangement.

** Attached as Exhibit 101 to this report are documents formatted in XBRL (Extensible Business Reporting Language). Pursuant to applicable securities laws and regulations, we are deemed to have complied with the reporting obligation relating to the submission of interactive data files in such exhibits and are not subject to liability under any anti-fraud provisions of the federal securities laws as long as we have made a good faith attempt to comply with the submission requirements and promptly amend the interactive data files after becoming aware that the interactive data files fail to comply with the submission requirements. Users of this data are advised that, pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, are deemed not filed or part of any registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, and are otherwise not subject to liability under these sections.

Exhibit 31.1

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

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

1. I have reviewed this quarterly report on Form 10-Q 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: November 9, 2010

/s/ MARK D. DANKBERG
Mark D. Dankberg
Chief Executive Officer

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

I, Ronald G. Wangerin, Chief Financial Officer of ViaSat, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: November 9, 2010

/s/ Ronald G. Wangerin
Ronald G. Wangerin
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 quarterly report on Form 10-Q of the Company for the quarterly period ended October 1, 2010 (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: November 9, 2010

/s/ MARK D. DANKBERG

Mark D. 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 quarterly report on Form 10-Q of the Company for the quarterly period ended October 1, 2010 (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: November 9, 2010

/s/ RONALD G. WANGERIN

Ronald G. Wangerin
Chief Financial Officer