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

FORM 10-Q

(Mark One)

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2001.

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ______to______

Commission File Number (0-21767)

ViaSat, Inc.

(Exact name of registrant as specified in its charter)

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

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

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 [X] No [ ]

The number of shares outstanding of the issuer's common stock, $.0001 par value, as of November 9, 2001 was 22,625,067.

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VIASAT, INC.

CONDENSED CONSOLIDATED BALANCE SHEET

	March 31, 2001	September 30, 2001
		(Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 17,721,000	$ 12,785,000
Short term investments	—	153,000
Accounts receivable	64,105,000	68,362,000
Inventory	22,916,000	31,548,000
Deferred income taxes	1,792,000	1,731,000
Other current assets	13,416,000	5,770,000
Total current assets	119,950,000	120,349,000
Intangible assets, net	25,744,000	37,522,000
Property and equipment, net	19,888,000	27,394,000
Other assets	3,796,000	7,478,000
Total assets	$169,378,000	$192,743,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 20,310,000	$ 18,116,000
Accrued liabilities	14,970,000	20,116,000
Line of Credit	—	5,518,000
Current portion of notes payable	336,000	—
Total current liabilities	35,616,000	43,750,000
Other liabilities	604,000	1,477,000
Total liabilities	36,220,000	45,227,000
Contingencies (Note 7 and Note 10)		
Minority interest in consolidated subsidiary	351,000	403,000
Stockholders' equity:		
Common stock	2,000	2,000
Paid in capital	96,154,000	107,020,000
Retained earnings	37,328,000	40,479,000
Accumulated other comprehensive loss	(677,000)	(388,000)
Total stockholders' equity	132,807,000	147,113,000
Total liabilities and stockholders' equity	$169,378,000	$192,743,000

See accompanying notes to condensed consolidated financial statements.

VIASAT, INC.
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2000	2001	2000	2001
Revenues	$39,730,000	$49,524,000	$76,356,000	$98,358,000
Cost of revenues	27,366,000	33,978,000	51,345,000	67,920,000
Gross profit	12,364,000	15,546,000	25,011,000	30,438,000
Operating expenses:				
Selling, general and administrative	6,626,000	8,370,000	12,390,000	16,365,000
Independent research and development	1,712,000	1,831,000	3,366,000	3,111,000
Acquired in-process research and development	—	2,500,000	2,193,000	2,500,000
Amortization of intangible assets	825,000	1,553,000	1,375,000	2,587,000
Income from operations	3,201,000	1,292,000	5,687,000	5,875,000
Other income (expense):				
Interest income	519,000	188,000	1,026,000	406,000
Interest expense	(33,000)	(92,000)	(65,000)	(97,000)
Minority interest	2,000	(13,000)	2,000	(90,000)
Equity in loss of joint venture	—	(716,000)	—	(1,440,000)
Income before income taxes	3,689,000	659,000	6,650,000	4,654,000
Provision for income taxes	1,255,000	212,000	2,261,000	1,503,000
Net income	$ 2,434,000	$ 447,000	$ 4,389,000	$ 3,151,000
Basic net income per share	$ .11	$ .02	$ .21	$ .14
Diluted net income per share	$ .11	$ .02	$ .19	$ .14
Shares used in basic net income per share computation	21,796,911	22,475,866	21,336,337	22,253,529
Shares used in diluted net income per share computation	23,006,414	23,427,209	22,528,190	23,188,651

See accompanying notes to condensed consolidated financial statements.

VIASAT, INC.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	Six Months Ended September 30,	
	2000	2001
Cash flows from operating activities:		
Net income	$ 4,389,000	$ 3,151,000
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	3,886,000	5,850,000
Acquired in-process research and development	2,193,000	2,500,000
Deferred taxes	(1,076,000)	(354,000)
Equity in loss of joint venture	—	1,440,000
Minority interest in consolidated subsidiary	301,000	52,000
Non-cash compensation	134,000	—
Increase (decrease) in cash resulting from changes in:		
Accounts receivable	(21,980,000)	(880,000)
Inventory	(5,587,000)	(6,436,000)
Other assets	(1,226,000)	4,433,000
Accounts payable	921,000	(2,390,000)
Accrued liabilities	5,530,000	3,236,000
Other liabilities	11,000	936,000
Net cash (used in) provided by operating activities	(12,504,000)	11,538,000
Cash flows from investing activities:		
Acquisition of a business	(59,411,000)	(11,424,000)
Investment in joint venture	—	(1,440,000)
Proceeds from sale of short-term investments	121,000	—
Purchases of short-term investments	—	(153,000)
Purchases of property and equipment	(924,000)	(9,409,000)
Net cash used in investing activities	(60,214,000)	(22,426,000)
Cash flows from financing activities:		
Repayment of notes payable	(517,000)	(336,000)
Proceeds from line of credit	—	5,518,000
Proceeds from issuance of common stock, net of issuance costs	74,158,000	866,000
Net cash provided by financing activities	73,641,000	6,048,000
Effect of exchange rate changes on cash	—	(96,000)
Net increase (decrease) in cash and cash equivalents	923,000	(4,936,000)
Cash and cash equivalents at beginning of period	19,520,000	17,721,000
Cash and cash equivalents at end of period	$ 20,443,000	$ 12,785,000

See accompanying notes to condensed consolidated financial statements.

VIASAT, INC.

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock						
	Number of Shares	Amount	Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total	Comprehensive Income (Loss)
Balance at March 31, 2001	22,007,650	$2,000	$ 96,154,000	$37,328,000	$(677,000)	$132,807,000	
Exercise of stock options	85,062		268,000			268,000	
Issuance of stock under Employee Stock Purchase Plan	53,605		598,000			598,000	
Purchase of Comsat Laboratories	478,217		10,000,000			10,000,000	
Net income				3,151,000		3,151,000	$3,151,000
Foreign currency translation					289,000	289,000	289,000
Comprehensive income							$3,440,000
Balance at September 30, 2001	22,624,534	$2,000	$107,020,000	$40,479,000	$(388,000)	$147,113,000	

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 as of September 30, 2001, the condensed consolidated statements of income for the three and six month periods ended September 30, 2000 and 2001, the condensed consolidated statement of cash flows for the six months ended September 30, 2000 and 2001, and the condensed consolidated statement of stockholders' equity for the six months ended September 30, 2001 have been prepared by the management of ViaSat, Inc., and have not been audited. These financial statements, in the opinion of management, include all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the financial position, results of operations and cash flows for all periods presented. These financial statements should be read in conjunction with the financial statements and notes thereto for the year ended March 31, 2001 included in our 2001 Annual Report on Form 10-K. Interim operating results are not necessarily indicative of operating results for the full year.

Our consolidated financial statements include the assets, liabilities and results of operations of TrellisWare Technologies, Inc., a majority owned subsidiary of ViaSat. All significant intercompany amounts have been eliminated.

In general, the functional currency of a foreign operation is deemed to be the local country's currency. Consequently, assets and liabilities of operations outside the United States are generally translated into United States dollars, and the effects of foreign currency translation adjustments are included as a component of stockholders' equity.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

NOTE 2 — Revenue Recognition

The majority of our revenues are derived from services performed under a variety of contracts including cost-plus-fixed fee, fixed-price, and time and materials type contracts. Generally, revenues are recognized as contracts are performed using the percentage of completion method, measured primarily by costs incurred to date compared with total estimated costs at completion or based on the number of units delivered. We provide for anticipated losses on contracts by a charge to income during the period in which they are first identified.

Contract costs with the U. S. Government and its prime contractors, including indirect costs, are subject to audit and negotiations with Government representatives. These audits have been completed and agreed upon through fiscal year 1997. Contract revenues and accounts receivable are stated at amounts which are expected to be realized upon final settlement.

NOTE 3 — Shelf Registration Statement

In September 2001, we filed a universal shelf registration statement with the Securities and Exchange Commission for the future sale of up to $75 million of debt securities, common stock, preferred stock, depositary shares, and warrants. Following the effective date of the shelf registration, the securities may be offered from time to time, separately or together, directly by us or through underwriters at amounts, prices, interest rates and other terms to be determined at the time of the offering. We currently intend to use the net proceeds from the sale of the securities under the shelf registration statement for general corporate

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

purposes, including acquisitions, capital expenditures, working capital and the repayment or refinancing of our debt. The registration statement has not yet become effective.

NOTE 4 — Acquisition of Comsat Laboratories

On July 27, 2001, we acquired 100% of the assets of Comsat Laboratories from Comsat Corporation, a Lockheed Martin Global Telecommunications company, for an aggregate purchase price of approximately $21.4 million (including acquisition costs and estimated post-closing adjustments). The purchase price consisted of approximately $11.4 million in cash, plus 478,217 shares of our common stock valued at approximately $10.0 million based on the average market price of our common stock. In addition, warrants to purchase up to 60,000 shares of our common stock may be issued as part of the purchase price contingent upon certain revenue and development award targets being achieved by Comsat Laboratories within a two-year period from the date of the acquisition. The value of the warrants will be measured once their contingency is resolved. The allocation of the purchase price is preliminary based on the completion of third-party valuations and the resolution of the contingency noted above.

Comsat Laboratories specializes in broadband satellite network terminals designed to extend the reach and functionality of networks using a variety of flexible, multi-protocol products. The terminals support high-speed voice, video, data, multimedia and Internet connections under the LINKWAY™ and LinkStar™ brand names. We expect the acquisition to augment our position in core satellite networks and communications systems business.

The following unaudited pro forma information presents a summary of consolidated results of operations for the three and six month periods ended September 30, 2001 as if the acquisition had occurred at the beginning of fiscal year 2002, with pro forma adjustments to give effect to amortization of intangibles and certain other adjustments, together with related income tax effect. These pro forma results include $2.5 million of in-process research and development costs that are considered nonrecurring. The assets purchased from Comsat Corporation did not comprise a division or business unit of Comsat Corporation until October 2000. Therefore, accounting records are not available to prepare pro forma consolidated results for the year ended March 31, 2001. These pro forma amounts do not purport to be indicative of the results that would have actually been obtained if the acquisition had occurred as of the beginning of the periods presented, or that may be obtained in the future.

	For the Three Months Ended September 30, 2001	For the Six Months Ended September 30, 2001
Revenues	$49,936,000	$102,584,000
Net income	$ (304,000)	$ 1,231,000
Earnings per share Basic	$ (.01)	$ .05
Diluted	$ (.01)	$ .05
Weighted average number of shares		
Basic	22,612,499	22,561,888
Diluted	23,563,842	23,497,010

NOTE 5 — Earnings Per Share

Common stock equivalents of 1,209,503 and 951,343 shares for the three months ended September 30, 2000 and 2001, respectively, and 1,191,853 and 935,122 for the six months ended September 30, 2000 and 2001 respectively, were used to calculate diluted earnings per share. Antidilutive shares excluded from the calculation were 339,809 and 2,083,022 shares for the three months ended September 30, 2000 and 2001, respectively. Antidilutive shares excluded from the calculation were 319,570 and 2,006,749 shares for the six months ended September 30, 2000 and 2001, respectively. Common stock equivalents are primarily comprised of options granted under our stock option plan.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 6 — Composition of Certain Balance Sheet Captions

	March 31, 2001	September 30, 2001
		(Unaudited)
Accounts receivable:		
Billed	$45,099,000	$34,830,000
Unbilled	19,322,000	33,970,000
Allowance for doubtful accounts	(316,000)	(438,000)
	$64,105,000	$68,362,000
Inventory:		
Raw materials	$11,657,000	$15,160,000
Work in process	7,770,000	10,308,000
Finished goods	3,489,000	6,080,000
	$22,916,000	$31,548,000
Intangible assets:		
Technology	$ 9,845,000	$13,695,000
Contracts and relationships	9,686,000	9,686,000
Acquired work force	5,477,000	5,477,000
Non-compete agreement	—	5,350,000
Other intangible assets	—	3,800,000
Goodwill	4,525,000	5,890,000
	29,533,000	43,898,000
Accumulated amortization	(3,789,000)	(6,376,000)
	$25,744,000	$37,522,000
Accrued liabilities:		
Current portion of warranty reserve	$ 1,291,000	$ 1,766,000
Accrued vacation	2,531,000	2,843,000
Accrued bonus	1,828,000	1,334,000
Accrued 401(k) matching contribution	1,773,000	1,216,000
Collections in excess of revenues	6,196,000	9,463,000
Other	1,351,000	3,494,000
	$14,970,000	$20,116,000

The intangible assets are amortized using the straight-line method over their estimated useful lives ranging from two to nine years. The technology intangible asset has several components with estimated useful lives of six to nine years, contracts and relationships intangible asset has several components with estimated useful lives of three to nine years, acquired work force has an estimated useful life of five years, the non-compete agreement has an estimated useful life of three years and other intangibles have estimated useful lives from two years to nine years.

Goodwill related to the acquisition of the satellite networks business of Scientific-Atlanta, Inc. (“Satellite Networks Business”) in April 2000 of approximately $4.5 million has an estimated useful life of seven years. Goodwill acquired in conjunction with the Comsat Laboratories acquisition is not subject to amortization under SFAS 141. Goodwill of approximately $1.4 million related to the Comsat Laboratories acquisition will not be amortized, but will be periodically tested for impairment as required by SFAS 142. See Note 9 for further discussion.

NOTE 7 — Contingencies

On September 15, 2000 ORBCOMM Global, L.P. (ORBCOMM) and seven of its subsidiaries filed a voluntary petition for Chapter 11 relief in the United States Bankruptcy Court for the District of Delaware as part of its efforts to restructure and reorganize its business. ORBCOMM has continued its efforts to

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maintain and operate its network of low-Earth orbit (LEO) satellites and related ground facilities while it restructures its operations. On April 23, 2001, International Licensees, LLC was approved by the bankruptcy court as the buyer of ORBCOMM. International Licensees is a consortium of current ORBCOMM licensees and other investors. There remain some conditions with respect to financing set in bankruptcy that the International Licensees must fulfill in the future. A failure to meet these conditions could result in the unwinding of the purchase by the International Licensees. We are currently in negotiations with International Licensees relating to our relationship with ORBCOMM in the future, including the potential assumption of all or part of our receivables and contracts in bankruptcy. The following table summarizes our assets related to ORBCOMM at September 30, 2001.

Accounts receivable-billed	$4,628,000
Accounts receivable-unbilled	136,000
Total	$4,764,000

We cannot make assurances that the assets listed above will be fully recovered. If we are unable to successfully complete our negotiations with ORBCOMM regarding the assumption of our receivables and contracts in bankruptcy, or if ORBCOMM is unable to successfully restructure its operations, it would substantially limit our ability to recover the assets listed above and could cause ViaSat to incur losses which could harm our business; however, we have not made any adjustments to the recorded amount for the assets as it is not possible at this time to reasonably estimate or determine what loss, if any, will be incurred.

ViaSat also has certain assets at risk related to the Astrolink satellite program. See Note 10 — Subsequent Events for discussions relating to Astrolink.

We are currently a party to various contracts which require us to meet performance covenants and project milestones. Under the terms of these contracts, failure by us to meet such performance covenants and milestones permits the other party to terminate the contract and, under certain circumstances, recover liquidated damages or other penalties. We are currently not in compliance, or in the past were not in compliance, with the performance or milestone requirements of certain of these contracts. Historically, our customers have not elected to terminate such contracts or seek liquidated damages from us and management does not believe that its existing customers will do so; therefore, we have not accrued for any potential liquidated damages or penalties.

We may be in involved in legal proceedings arising in the ordinary course of business, none of which is expected to have a material adverse effect on our business, financial condition, results of operations or cash flows.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 8 — Segment Information

We are organized primarily on the basis of products with commercial and government (defense) communication applications. The following table summarizes revenues and operating profits by operating segment for the three and six month periods ended September 30, 2000 and 2001. Certain corporate general and administrative costs, amortization of intangible assets and the charge of acquired in-process research and development are not allocated to either segment and accordingly, are shown as reconciling items from segment operating profit and consolidated operating profit. Assets are not tracked by operating segment. Consequently, it is not practical to show assets by operating segments.

	Three months ended September 30, (unaudited)		Six months ended September 30, (unaudited)	
	2000	2001	2000	2001
Revenues				
Commercial	$22,910,000	$33,629,000	$45,454,000	$67,451,000
Government	16,820,000	15,895,000	30,902,000	30,907,000
Total Revenues	39,730,000	49,524,000	76,356,000	98,358,000
Operating Profits				
Commercial	1,388,000	3,163,000	3,589,000	6,922,000
Government	3,035,000	2,368,000	6,422,000	4,324,000
Segment operating profit before corporate	4,423,000	5,531,000	10,011,000	11,246,000
Corporate	(397,000)	(186,000)	(756,000)	(284,000)
Amortization of intangibles	(825,000)	(1,553,000)	(1,375,000)	(2,587,000)
Acquired in-process research and development	—	(2,500,000)	(2,193,000)	(2,500,000)
Total operating profits	$ 3,201,000	$ 1,292,000	$ 5,687,000	$ 5,875,000

Revenue information by geographic area for the three and six month periods ended September 30, 2000 and 2001 is as follows:

	Three months ended September 30, (unaudited)		Six months ended September 30, (unaudited)	
	2000	2001	2000	2001
North America	$32,298,000	$38,394,000	$61,523,000	$77,607,000
Europe	3,235,000	5,984,000	7,187,000	9,592,000
Asia Pacific	4,035,000	4,384,000	6,530,000	10,151,000
Latin America	162,000	762,000	1,116,000	1,008,000
	$39,730,000	$49,524,000	$76,356,000	$98,358,000

We distinguish revenues from external customers by geographic areas based on customer location.

The net book value of long-lived assets located outside North America was $37,000 at September 30, 2001.

VIASAT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 9 — New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 133 — *Accounting for Derivative Instruments and Hedging Activities,* which establishes accounting and reporting standards for derivative instruments, and for hedging activities. In June 1999, the FASB issued SFAS 137 — *Accounting for Derivative Instruments and Hedging Activities — Deferral of the Effective Date of SFAS 133,* which delayed the effective date of SFAS 133 to fiscal years beginning after June 15, 2000. We were required to adopt SFAS 133 in the quarter ended June 30, 2001. SFAS 133 requires certain derivative instruments to be recorded at fair value. The adoption of SFAS 133 did not have a material effect on the consolidated financial statements.

In June 2001, the FASB issued SFAS No. 141 — *Business Combinations.* SFAS 141 addresses financial accounting and reporting for business combinations and supersedes APB Opinion No. 16 — *Business Combinations*, and FASB Statement 38 — *Accounting for Preacquisition Contingencies of Purchased Enterprises.* All business combinations in the scope of this Statement are to be accounted for using one method, the purchase method. The statement is applicable for all business combinations occurring after June 30, 2001. The adoption of SFAS 141 did not have a material effect on the consolidated financial statements. However, for the Comsat Laboratories acquisition that was completed on July 27, 2001, we applied the provisions of SFAS 141. See Note 4 for further discussion.

In June 2001, the FASB issued SFAS No. 142 — *Goodwill and Other Intangible Assets.* SFAS 142 addresses financial accounting and reporting for acquired goodwill and other intangible assets and supersedes APB Opinion No. 17 — *Intangible Assets*. It addresses how intangible assets that are acquired individually or with a group of other assets (but not those acquired in a business combination) should be accounted for in financial statements upon their acquisition. This Statement also addresses how goodwill and other intangible assets should be accounted for after they have been initially recognized in the financial statements. This accounting pronouncement will be adopted on April 1, 2002 for goodwill and intangible assets acquired prior to July 1, 2001. As the result of adopting SFAS 142 for our fiscal year ending March 31, 2003, we will no longer amortize the intangibles assets “Acquired workforce” of $5.5 million or “Goodwill” of $4.5 million acquired in the Satellite Networks Business acquisition. This will decrease amortization expense in that year by approximately $1.7 million. See Note 6 for further discussion.

In October 2001, the FASB issued SFAS No. 144 — *Accounting for the Impairment or Disposal of Long-Lived Assets,* which replaces SFAS No. 121— *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of.* SFAS No. 144 resolves implementation issues previously experienced under SFAS No. 121 and broadens the reporting of discontinued operations. This statement becomes effective for financial statements issued for fiscal years beginning after December 15, 2001. Management is currently evaluating the effect that adoption of this standard will have on the consolidated financial statements.

In August 2001, the FASB issued SFAS No. 143 — *Accounting for Asset Retirement Obligations.* SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This statement becomes effective for financial statements issued for fiscal years beginning after June 15, 2002. Management is currently evaluating the effect that adoption of this standard will have on the consolidated financial statements.

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NOTE 10 — Subsequent Event

On November 5, 2001 ViaSat received notification from Astrolink International LLC of the termination for convenience of two ViaSat ground segment contracts. These two contracts relate to the development and production of subscriber terminals and service provider gateways for the Astrolink satellite system. This termination requires Astrolink to pay ViaSat a termination amount that is based on a predetermined formula provided by the contracts. The contractual termination amounts, to the extent collectible, exceed our assets at risk. In addition, Telespazio SpA has notified ViaSat to suspend work for up to 90 days on a contract for the production of dedicated gateways for the Astrolink system.

The assets at risk to Astrolink as of September 30, 2001 are accounts receivable due from Astrolink in the amount of approximately $5.3 million. Currently our assets at risk to Astrolink are at least $7.6 million, which includes a $2.5 million payment to Astrolink for prepaid airtime on its satellites. We expect that our assets currently at risk will exceed $7.6 million, however, the additional amount of assets at risk is not determinable at this time. Further, we expect to incur additional costs associated with winding down the program and terminating the contracts of our subcontractors on the program.

ViaSat is continuing discussions with Astrolink and other interested parties regarding potential alternatives for the Astrolink project. We cannot, however, make assurances that the assets or the contractual termination amounts will be fully recovered. If Astrolink is unable to successfully restructure its operations or obtain additional funding, it would substantially limit our ability to recover the assets at risk and could cause ViaSat to incur losses which could harm our business; however, we have not made any adjustments to the recorded amount as it is not possible at this time to reasonably estimate or determine what loss, if any, will be incurred.

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

When used in this discussion, the words "believes," "anticipates," "expects," "intends" and similar expressions are intended to identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date hereof. We undertake no obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Readers are also urged to carefully review and consider the various disclosures made by us which attempt to advise interested parties of the factors which affect our business, including without limitation the disclosures made under Item 1. Business — "Factors That May Affect Future Performance" in our Annual Report on Form 10-K for our fiscal year ended March 31, 2001, filed with the Securities and Exchange Commission.

Results of Operations

The following table sets forth, as a percentage of total revenues, certain income data for the periods indicated.

	Three Months Ended September 30,		Six Months Ended September 30,	
	2000	2001	2000	2001
Revenues	100.0%	100.0%	100.0%	100.0%
Cost of revenues	68.9	68.6	67.2	69.1
Gross profit	31.1	31.4	32.8	30.9
Operating expenses:				
Selling, general and administrative	16.7	16.9	16.2	16.6
Independent research and development	4.3	3.7	4.4	3.2
Acquired in-process research and development	—	5.1	2.9	2.5
Amortization of intangible assets	2.1	3.1	1.8	2.6
Income from operations	8.0	2.6	7.5	6.0
Income before income taxes	9.3	1.3	8.7	4.7
Net income	6.1	0.9	5.7	3.2

Included in the above results are revenues related to Astrolink International LLC. On November 5, 2001 we received notification from Astrolink of the termination for convenience of two ViaSat ground segment contracts. These two contracts relate to the development and production of subscriber terminals and service provider gateways for the Astrolink satellite system. This termination requires Astrolink to pay us a termination amount that is based on a predetermined formula provided by the contracts. In addition, Telespazio SpA has notified ViaSat to suspend work for up to 90 days on a contract for the production of dedicated gateways for the Astrolink system.

Our backlog directly with Astrolink for the subscriber terminals and service provider gateways at September 30, 2001 is approximately $79.0 million and the backlog with Telespazio for the dedicated gateways at September 30, 2001 is approximately $33.7 million. Revenues for all Astrolink related contracts were $2.2 million (5.5% of total revenues) and $7.0 million (14.2 % of total revenues) for the three months ended September 30, 2000 and 2001, respectively and $3.9 million (5.0% of total revenues) and $12.4 million (12.6% of total revenues) for the six months ended September 30, 2000 and 2001, respectively. ViaSat is evaluating its Astrolink operations and plans to manage its cost structure in a manner consistent with the change in Astrolink's status through a combination of redeploying key personnel to other projects and staff reductions.

See Note 10 to our Condensed Consolidated Financial Statements for further information regarding Astrolink.

Three Months Ended September 30, 2000 vs. Three Months Ended September 30, 2001

Revenues. Revenues increased 24.7% from $39.7 million for the three months ended September 30, 2000 to $49.5 million for the three months ended September 30, 2001. This increase was primarily due to an increased volume of development programs and increased sales of commercial terminal products.

Gross Profit. Gross profit increased 25.7% from $12.4 million (31.1% of revenues) for the three months ended September 30, 2000 to $15.5 million (31.4% of revenues) for the three months ended September 30, 2001. This increase was primarily due higher sales volumes from development programs and commercial products.

Selling, General and Administrative Expenses. Selling, general and administrative ("SG&A") expenses increased 26.3% from $6.6 million (16.7% of revenues) for the three months ended September 30, 2000 to $8.4 million (16.9% of revenues) for the three months ended September 30, 2001. The increase was primarily due to the additional costs from the operations of Comsat Laboratories, and efforts related to pursuing both commercial and government business. SG&A expenses consist primarily of personnel costs and expenses for business development, marketing and sales, bid and proposal, finance, contract administration and general management. Certain of these expenses are difficult to predict and vary based on specific government and commercial sales opportunities.

Independent Research and Development. Independent research and development ("IR&D") expenses increased 7.0% from $1.7 million (4.3% of revenues) for the three months ended September 30, 2000, to $1.8 million (3.7% of revenues) for the three months ended September 30, 2001.

Acquired In-Process Research and Development. The acquisition of Comsat Laboratories was accounted for by the purchase method of accounting. In connection with this acquisition, a charge of $2.5 million for purchased in-process research and development ("IPR&D") was included in our results for the three months ended September 30, 2001.

An independent valuation was performed and used as an aid in determining the fair value of the purchased IPR&D. A product area was identified in which there were research and development efforts underway but where technological feasibility had not been reached.

At the time of acquisition Comsat Laboratories was developing a satellite network terminal that expands the frequencies on which an existing terminal could operate. The date when the project was expected to reach technological feasibility at the time of the acquisition was September 2001. We estimated based on man hours incurred versus man hours required to complete the project that at the acquisition date the project was 80% complete and would require approximately $900,000 to complete. Using the income approach the value calculated for the IPR&D associated with the satellite network terminal was $2.5 million. The project has proceeded since the acquisition and has reached technological feasibility.

Amortization of Intangible Assets. Amortizable intangible assets are being amortized over useful lives ranging from two to nine years. Amortization expense increased 88.2% from $825,000 (2.1% of revenues) for the three months ended September 30, 2000, to $1.6 million (3.1% of revenues) for the three months ended September 30, 2001. This increase resulted from the additional intangible assets acquired in the purchase of Comsat Laboratories during the three months ended September 30, 2001 and a completed allocation to the intangible assets as part of the purchase price of the Satellite Networks Business.

Interest Expense. Interest expense increased from $33,000 for the three months ended September 30, 2000 to $92,000 for the three months ended September 30, 2000. Interest expense relates to loans for the purchase of capital equipment, which are generally three year variable rate term loans, and to short-term borrowings under our $25.0 million line of credit to cover working capital requirements. Total outstanding equipment loans were $726,000 at September 30, 2000. At September 30, 2001 there were no outstanding equipment loans and $5.5 million in outstanding borrowings under our line of credit.

Interest Income. Interest income decreased from $519,000 for the three months ended September 30, 2000 to $188,000 for the three months ended September 30, 2001. This decrease resulted from a decrease in invested balances and lower rate of earnings. Interest income relates largely to interest earned on short-term deposits of cash.

Provision for Income Taxes. Our effective income tax rate decreased from 34.0% for the three months ended September 30, 2000 to 32.2% for the three months September 30, 2001. The difference relates primarily to increases in research and development tax credits.

Six Months Ended September 30, 2000 vs. Six Months Ended September 30, 2001

Revenues. Revenues increased 28.8% from $76.4 million for the six months ended September 30, 2000 to $98.4 million for the six months ended September 30, 2001. This increase was primarily due to an increased volume of development programs and increased sales of commercial terminal products.

Gross Profit. Gross profit increased 21.7% from $25.0 million (32.8% of revenues) for the six months ended September 30, 2000 to $30.4 million (30.9% of revenues) for the six months ended September 30, 2001. This increase was primarily due to higher volumes of commercial sales. The decrease as a percentage of revenues resulted primarily from the completion of certain high margin development programs.

Selling, General and Administrative Expenses. SG&A expenses increased 32.1% from $12.4 million (16.2% of revenues) for the six months ended September 30, 2000 to $16.4 million (16.6% of revenues) for the six months ended September 30, 2001. The increase was primarily due to the additional costs from the operations of Comsat Laboratories, efforts related to pursuing both commercial and government business, and additional administrative staffing to support our growth.

Independent Research and Development. IR&D expenses decreased 7.6% from $3.4 million (4.4% of revenues) for the six months ended September 30, 2000 to $3.1 million (3.2% of revenues) for the six months ended September 30, 2001.

Acquired In-Process Research and Development. Purchased in-process research and development charges result from two recently completed acquisitions. The acquisition of the Satellite Networks Business accounted for $2.2 million (2.9% of revenues) in the six months ended September 30, 2000 and the acquisition of Comsat Laboratories accounted for $2.5 million (2.5% of revenues) in the six months ended September 30, 2001.

An independent valuation was performed and used as an aid in determining the fair value of the purchased IPR&D projects. The product areas were identified in which there were research and development efforts underway where technological feasibility had not been reached.

The Satellite Networks Business is developing a next generation mobile subscriber communicator. This next generation product contains a new chipset, new connectors, added functionality, bigger programming space and a longer battery life than the legacy product and will be sold at a lower price. The estimated completion date at the time of the acquisition was November 2000. We estimated based on man hours incurred versus man hours required to complete the project that at the acquisition date the project was 77% complete and would require approximately $500,000 to complete. Using the income approach the value calculated for the IPR&D associated with the mobile subscriber communicator was $1.6 million. The market for this product has not materialized to the extent anticipated and as a result, the completion date has been delayed.

The Satellite Networks Business also has the SkyRelay and the SkyLynx products. The SkyRelay development of a next generation terminal included a terminal with newer interfaces, an additional IP port and consolidated functionality onto a single card. At the time of acquisition, the project completion was expected to be in June of 2001 and we estimated based on man hours incurred versus man hours required to complete the project that the project was estimated to be 15% complete and will require approximately $6.0 million to complete. Using the income approach the value calculated for the IPR&D associated with SkyRelay was $300,000. The production for this next generation SkyRelay product is expected to begin in fiscal 2002. The SkyLynx related IPR&D projects are the Mesh Working and 2mbps Channel Unit. Based on the same completion criteria as SkyRelay, it was estimated the SkyLynx related IPR&D was 60% complete at the date of acquisition and would require approximately $385,000 to complete. The estimated completion date at the time of acquisition was in fiscal 2002 for both projects. Also using the income approach, the value calculated for IPR&D associated with SkyLynx was $400,000. The IPR&D for the SkyRelay and SkyLynx products continue progress, in all material respects, consistently with our original assumptions that were provided to the independent appraiser and used to value the IPR&D.

At the time of acquisition Comsat Laboratories was developing a satellite network terminal that expands the frequencies on which an existing terminal could operate. The date when the project was expected to reach technological feasibility at the time of the acquisition was September 2001. We estimated based on man hours incurred versus man hours required to complete the project that at the acquisition date the project was 80% complete and would require approximately $900,000 to complete. Using the income approach the value calculated for the IPR&D associated with the satellite network terminal was $2.5 million. The project has proceeded since the acquisition and has reached technological feasibility.

Amortization of Intangible Assets. Amortization of intangible assets increased 88.1% from $1.4 million (1.8% of revenues) for the six months ended September 30, 2000 to $2.6 million (2.6% of revenues) for the six months ended September 30, 2001. Amortizable intangible assets are being amortized over useful lives ranging from two to nine years. This increase resulted from the acquisition of Comsat Laboratories and a completed allocation of the intangible assets as part of the purchase price of the Satellite Networks Business.

Interest Expense. Interest expense increased from $65,000 for the six months ended September 30, 2000 to $97,000 for the six months ended September 30, 2001. Interest expense relates to loans for the purchase of capital equipment, which are generally three year variable-rate term loans, and to short-term borrowings under our $25.0 million line of credit to cover working capital requirements. Total outstanding equipment loans were $726,000 at September 30, 2000. At September 30, 2001 there were no outstanding equipment loans and $5.5 million in outstanding borrowings under our line of credit.

Interest Income. Interest income decreased from $1.0 million for the six months ended September 30, 2000 to $406,000 for the six months ended September 30, 2001. This decrease resulted from a decrease in invested balances and lower rate of earnings. Interest income relates largely to interest earned on short-term deposits of cash.

Provision for Income Taxes. Our effective income tax rate decreased from 34.0% for the six months ended September 30, 2000 to 32.3% for the six months ended September 30, 2001. The decrease relates primarily to increases in research and development tax credits.

Backlog

At September 30, 2001 we had firm backlog of $253.2 million of which $233.5 million was funded. The firm backlog of $253.2 million does not include contract options of $83.6 million. Of the $253.2 million in firm backlog, approximately $69.1 million is expected to be delivered in the fiscal year ending March 31, 2002, and the balance is expected to be delivered in the fiscal year ending March 31, 2003 and thereafter. At March 31, 2001 we had firm backlog of $236.2 million, of which $212.3 million was funded, not including options of $55.4 million. In November 2001, we received notification from Astrolink International LLC of the termination for convenience of two ground segment contracts and Telespazio SpA notified us to suspend work for up to 90 days on a contract for the production of gateways for the Astrolink system. Included in the firm backlog at September 30, 2001 are orders related to the Astrolink satellite program in the amount of $112.7 million, which is comprised of $79.0 million under two ground segment contracts directly with Astrolink and $33.7 million under the separate gateway contract with Telespazio. Therefore upon the termination of the two Astrolink contracts, our backlog for firm orders will be reduced by $79.0 million. If the Telespazio contract is later terminated, our backlog for firm orders will likely be reduced by $33.7 million. Of the backlog related to Astrolink, $9.9 million was expected to be delivered under the two Astrolink contracts and $7.3 million was expected to be delivered under the Telespazio contract in the fiscal year ending March 31, 2002.

The 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 funding of contracts is not within our control, our experience indicates that actual contract fundings have ultimately been approximately equal to the aggregate amounts of the contracts.

Liquidity and Capital Resources

We have financed our operations to date primarily with cash flows from operations, bank line of credit financing, equity financing and loans for the purchase of capital equipment. Cash used in operating activities for the six months ended September 30, 2000 was $12.5 million and cash provided by operating activities for the six months ended September 30, 2001 was $11.5 million. Increases in inventories and accrued liabilities were partially offset by a decrease in other assets and accounts payable.

Cash used in investing activities for the six months ended September 30, 2000 was $60.2 million and cash used in investing activities for the six months ended September 30, 2001 was $22.4 million. During the six months ended September 30, 2001, we acquired Comsat Laboratories for cash of approximately $11.4 million, plus 478,217 shares of our common stock valued at approximately $10.0 million. In addition, warrants to purchase up to 60,000 shares of our common stock may be issued as part of the purchase price contingent upon certain revenue and development award targets being achieved by Comsat Laboratories within a two-year period from the date of the acquisition. The value of the warrants will be measured once their contingency is resolved. We also acquired $9.4 million in equipment in the six months ended September 30, 2001.

Cash provided by financing activities for the six months ended September 30, 2000 was $73.6 million and cash provided by financing activities for the six months ended September 30, 2001 was $6.0 million. This decrease was primarily the result of completing a secondary public stock offering for $73.1 million in the six months ended September 30, 2000.

In September 2001, we filed a universal shelf registration statement with the Securities and Exchange Commission for the future sale of up to $75 million of debt securities, common stock, preferred stock, depositary shares, and warrants. Following the effective date of the shelf registration, the securities may be offered from time to time, separately or together, directly by us or through underwriters at amounts, prices, interest rates and other terms to be determined at the time of the offering. We currently intend to use the net proceeds from the sale of the securities under the shelf registration statement for general corporate purposes, including acquisitions, capital expenditures, working capital and the repayment or refinancing of our debt. The registration statement has not yet become effective.

At September 30, 2001, we had $12.9 million in cash, cash equivalents and short-term investments and $76.6 million in working capital. On June 21, 2001 we executed a one year Revolving/Term Loan Agreement of $25.0 million from Union Bank of California, N.A. and Washington Mutual Bank, with Union Bank of California, N.A., as Administrative Agent. Under the revolving facility and the term loan facility, we have the option to borrow at the bank’s prime rate or at LIBOR plus, in each case, an applicable margin based on the ratio of our total debt to EBITDA (earnings before interest and taxes and depreciation and amortization). The agreement contains financial covenants that set maximum debt to EBITDA limits, minimum quarterly EBITDA limits, minimum quick ratio limit and a minimum tangible net worth limit. We had $5.5 million in outstanding borrowings under the revolving portion of the facility at September 30, 2001.

On September 15, 2000 ORBCOMM Global, L.P. (ORBCOMM) and seven of its subsidiaries filed a voluntary petition for Chapter 11 relief in the United States Bankruptcy Court for the District of Delaware as part of its efforts to restructure and reorganize its business. ORBCOMM has continued its efforts to maintain and operate its network of low-Earth orbit (LEO) satellites and related ground facilities while it restructures its operations. We have approximately $4.8 million worth of receivables and other assets currently at risk with ORBCOMM. We cannot make assurances that the assets will be fully recovered. If ORBCOMM is unable to successfully restructure its operations it could cause ViaSat to incur losses up to the amount of the assets at risk; however, we have not made any adjustments to the recorded amount as it is not possible at this time to reasonably estimate or determine what loss, if any, will be incurred.

On November 5, 2001 we received notification from Astrolink International LLC of the termination for convenience of two ground segment contracts. These two contracts relate to the development and production of subscriber terminals and service provider gateways for the Astrolink satellite system. This termination requires Astrolink to pay us a termination amount that is based on a predetermined formula provided by the contracts. In addition, Telespazio SpA has notified us to suspend work for up to 90 days on a contract for the production of dedicated gateways for the Astrolink system. At September 30, 2001 we had approximately $5.3 million worth of receivables at risk associated with Astrolink. We cannot make assurances that the assets at risk will be fully recovered. If Astrolink is unable to successfully restructure its operations or obtain additional financing it would substantially limit our ability to recover the assets at risk and could cause ViaSat to incur losses which could harm our business; however we have not made any adjustments to the recorded amount as it is not possible at this time to reasonably estimate or determine what loss, if any, will be incurred. See Note 10 to our Condensed Consolidated Financial Statements for further discussion related to Astrolink. We are evaluating our Astrolink operations and plan to manage our cost structure in a manner consistent with the change in Astrolink's status through a combination of redeploying key personnel to other projects and staff reductions.

Our future capital requirements will depend upon many factors, including the progress of our research and development efforts, expansion of our marketing efforts, and the nature and timing of orders. We believe that our current cash balances and net cash expected to be provided by operating activities will be sufficient to meet our working capital and capital expenditure requirements for at least the next 12 months. We invest our cash in excess of current operating requirements in short-term, interest-bearing, investment-grade securities.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our risks have not changed since year-end and therefore, this item is not applicable.

PART II — OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds

On July 27, 2001, we issued to Comsat Corporation 478,217 shares of our common stock in connection with the acquisition of Comsat Laboratories. In addition, warrants to purchase up to 60,000 shares of our common stock may be issued to Comsat Corporation as part of the purchase price contingent upon certain revenue and development award targets being achieved by Comsat Laboratories within a two-year period from the date of the acquisition. The warrants may be exercised, to the extent vested, at any time until July 27, 2011 at an exercise price to be determined based on the average market price of our common stock. The issuance of the shares and warrants was exempt from registration under Section 4(2) of the Securities Act of 1933 and Regulation D promulgated thereunder as a transaction not involving a public offering. See Note 4 to our Condensed Consolidated Financial Statements for further information regarding the acquisition of Comsat Laboratories.

Item 4. Submission of Matters to a Vote of Security Holders

(a) We held our Annual Meeting of Stockholders on September 7, 2001.

(b) See paragraph (c) below.

(c) The matters voted upon at the meeting and the votes cast with respect thereto were as follows:

	Votes For	Votes Against/Withheld	Abstentions	Broker Non-Votes
Election of Directors				
B. Allen Lay	19,027,573	-0-	46,000	-0-
Dr. Jeffrey M. Nash	19,025,302	-0-	48,271	-0-

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibit 10.1 — Warrants to purchase shares of common stock of ViaSat issued to Comsat Corporation.

(b) We filed no reports on Form 8-K during the quarter ended September 30, 2001.

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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.

VIASAT, INC.

November 14, 2001

BY: /s/ MARK D. DANKBERG

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

/s/ RICHARD A. BALDRIDGE

Richard A. Baldridge
Executive Vice President,
Chief Financial Officer and
Chief Operating Officer
(Principal Financial and Accounting Officer)

EXHIBIT 10.1

July 27, 2001

THIS WARRANT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES LAW, AND MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO VIASAT THAT REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT.

WARRANT

FOR THE PURCHASE OF SHARES
OF COMMON STOCK
OF
VIASAT, INC.

60,000 SHARES

VOID AFTER JULY 27, 2011

THIS WARRANT (together with the Attachments and Schedule hereto, this "Warrant") is issued to COMSAT Corporation, a Lockheed Martin Global Telecommunications company and a District of Columbia corporation ("COMSAT"), on July 27, 2001 (the "Warrant Issue Date") by ViaSat, Inc., a Delaware corporation ("ViaSat"). This Warrant is issued pursuant to the terms of that certain Asset Purchase Agreement, dated as of July 13, 2001, by and between ViaSat and COMSAT (as hereafter amended or modified, the "Asset Purchase Agreement") in connection with the transactions contemplated by the Asset Purchase Agreement.

1. Definitions. Terms used but not defined in this Warrant shall have the meanings ascribed to them in the Asset Purchase Agreement.

2. Purchase Shares. Subject to the terms and conditions hereinafter set forth, COMSAT (together with its successors and assigns, the "Holder"), is entitled, upon vesting and surrender of this Warrant at the principal office of ViaSat (or at such other place as ViaSat shall notify the Holder in writing), to purchase from ViaSat up to Sixty Thousand (60,000) fully paid and nonassessable shares of common stock of ViaSat, as constituted on the Warrant Issue Date (the "Common Stock"). The number of shares of Common Stock issuable pursuant to this Paragraph 2 (the "Shares") shall be subject to adjustment pursuant to Paragraph 9 hereof.

3. Exercise Price.

(a) The Development Work Warrants (as hereinafter defined) shall have an exercise price equal to the average of the high and low prices of ViaSat Common Stock as quoted on the Nasdaq National Market System and reported in The Wall Street Journal for each of the five (5) trading days immediately preceding the date the applicable contract for Development Work is executed.

(b) The Revenue Warrants (as hereinafter defined) shall have an exercise price equal to the average of the high and low prices of ViaSat Common Stock as quoted on the Nasdaq National Market System and reported in The Wall Street Journal for each of the five (5) trading days immediately preceding the Closing Date.

(c) In each case, the exercise price for the Shares shall be as adjusted from time to time pursuant to Paragraph 9 hereof.

4. Vesting; Exercise Period.

(a) Vesting. The Warrant shall vest and become fully exercisable with respect to 10,000 Shares (up to a maximum of 60,000 Shares) for each (i) $5,000,000 of Revenues (as defined in Paragraph 5 below) in excess of $25,000,000 generated by the Business in each of the two (2) years following the date hereof upon determination of Revenues for each of the twelve-month periods contemplated by, and in accordance with, Paragraph 5 below (the "Revenue Warrants") and (ii) $5,000,000 of Development Work (as defined in Paragraph 5 below) contracted with ViaSat or its Affiliates within two years of the date hereof upon payment by LMGT or its Subsidiaries of an aggregate of $5,000,000 for such Development Work and upon payment of each $5,000,000 in the aggregate thereafter for any such Development Work (the "Development Work Warrants"). Upon the vesting of each 10,000 Shares, each of the parties hereto shall cause an authorized representative to insert the appropriate information into the Vesting Schedule, which is attached hereto as Schedule 4. The Shares shall be subject to COMSAT's registration rights, as set forth in the Registration Rights Agreement.

(b) Exercise Period. This Warrant shall be exercisable to the extent vested, in whole or in part, at any time during the ten-year exercise period, which period shall commence on the Warrant Issue Date and end at 5:00 p.m. (EST) on July 27, 2011.

5. Determination of Revenues and Development Work.

(a) Calculation of Revenues.

(i) For purposes of this Warrant, "Revenues" shall mean the aggregate gross revenues attributable to or generated by the Business, including any revenues generated or attributable to the licensing of Intellectual Property constituting Transferred Technology, or, to the extent permitted by the License Agreement, Licensed Technology; provided, however, that Revenues shall not include revenues for Development Work or work on projects of ViaSat existing on the Closing Date.

(ii) Promptly following each of the first and the second anniversary of the date hereof, but in no event later than 60 days thereafter, ViaSat shall prepare and submit to COMSAT a statement setting forth, in reasonable detail, ViaSat's calculation of Revenue of the Business for the preceding twelve-month period together with detailed support for such calculation. If COMSAT disputes the correctness of the calculation of Revenue, COMSAT shall notify ViaSat of its objections within 45 days of receipt of ViaSat's calculations of Revenue and shall set forth, in reasonable detail, the reasons for such objections. If COMSAT fails to deliver such notice of objections, COMSAT shall be deemed to have accepted ViaSat's calculations. COMSAT and ViaSat shall endeavor in good faith to resolve any disputed matters within 20 days after COMSAT's delivery of a notice of objections. Any matters remaining in dispute after such 20-day period shall be submitted to an independent nationally known accounting firm selected by COMSAT and ViaSat to resolve the disputed matters and to determine the actual amount of Revenue for such twelve-month period. The determination of such firm in respect to the correctness of the disputed matters shall be conclusive and binding on the parties. The fees and expenses of such independent third party accounting firm shall be paid one-half by COMSAT and one-half by ViaSat.

(iii) The calculation of Revenue shall be determined in accordance with ViaSat's historical practices and policies and in accordance with the policies, practices and procedures set forth on Schedule 5 attached hereto.

(b) Calculation of Development Work.

(i) In the event that LMGT (or any of its Subsidiaries) and ViaSat (or any of its Affiliates) enter into any agreement relating to complex, satellite-based broadband development tasks to be performed by ViaSat (or any of its Affiliates) in support of LMGT (or any of its Subsidiaries) during the two-year period commencing on the date hereof, the parties shall, in connection therewith, determine the aggregate amount of payments paid to ViaSat (or its Affiliates) pursuant to such agreement. The amount of such payments shall constitute "Development Work" for purposes of this Agreement.

(ii) In the event that there is any dispute in the aggregate amount of Development Work relating to any such agreement, the parties shall submit such dispute to an independent third party accounting firm for resolution. The determination of such firm in respect of the correctness of the disputed matters shall be conclusive and binding on the parties. The fees and expenses of such independent third party accounting firm shall be paid one-half by COMSAT and one-half by ViaSat.

6. Method of Exercise. While this Warrant remains outstanding and exercisable in accordance with Paragraph 4 above, the Holder may exercise, in whole or in part, the purchase rights evidenced hereby. Such exercise shall be effected by:

(a) the surrender of the Warrant, together with a duly executed copy of the form of Warrant Exercise Form attached hereto, to the Secretary of ViaSat at is principal offices; and

(b) the payment in cash or by certified or official bank check payable to the order of ViaSat in an amount equal to the aggregate Exercise Price for the number of Shares being purchased.

7. Certificates for Shares. Upon the exercise of the purchase rights evidenced by this Warrant, one or more certificates for the number of Shares so purchased shall be issued as soon as practicable thereafter (with appropriate restricted legends, if applicable), and in any event within thirty (30) days after the delivery of the items referenced in Paragraph 6 above.

8. Issuance of Shares. ViaSat covenants that the Shares, when issued pursuant to the exercise of this Warrant, shall be duly and validly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issuance thereof.

9. Adjustment of Exercise Price and Number of Shares. The number of and kind of securities purchasable upon exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time as follows:

(a) Subdivisions, Combinations and Other Issuances. If ViaSat shall at any time prior to the expiration of this Warrant subdivide its Common Stock, by split or otherwise, or combine its Common Stock, or issue additional shares of its Common Stock as a dividend, the number of Shares issuable on the exercise of this Warrant shall forthwith be proportionately increased in the case of a subdivision or stock dividend, or proportionately decreased in the case of a combination. Appropriate adjustments shall also be made to the Exercise Price, but the aggregate Exercise Price for the total number of Shares purchasable under this Warrant (as adjusted) shall remain the same. Any adjustment under this Paragraph 9(a) shall become effective at the close of business on the date the subdivision or combination becomes effective, or as of the record date of such dividend, or in the event that no record date is fixed, upon the making of such dividend.

(b) Reclassification, Reorganization and Consolidation. In case of any reclassification, capital reorganization, or change in the Common Stock of ViaSat (other than as a result of a subdivision, combination, or stock dividend provided for in Paragraph 9(a) above), then appropriate provisions shall be made, and duly executed documents evidencing the same from ViaSat or its successor shall be delivered to the Holder hereof, so that such Holder shall have the right at any time prior to the expiration of this Warrant to purchase, at a total price equal to that payable upon the exercise of this Warrant, the kind and amount of shares of stock and other securities and property receivable in connection with such reclassification, reorganization, or change by a holder of the same number of shares of Common Stock as were purchasable by the Holder hereof immediately prior to such reclassification, reorganization, or change. In any such case appropriate provisions shall be made with respect to the rights and interest of the Holder hereof so that the provisions hereof shall thereafter be applicable with respect to any shares of stock of other securities and property deliverable upon exercise hereof, and appropriate adjustments shall be made to the Exercise Price hereunder, provided the aggregate Exercise Price shall remain the same.

(c) Notice to Warrant Holder of Adjustment. Whenever the number of Shares is adjusted as herein provided, ViaSat shall cause to be mailed to the Holder in accordance with the provisions of this Paragraph 9 a notice (i) stating that an event giving rise to an adjustment hereunder has occurred, (ii) setting forth the adjusted number of Shares and adjusted Exercise Price, if applicable, and (iii) showing in reasonable detail the computations and the facts upon which such adjustments are based.

10. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant, but in lieu of such fractional shares ViaSat shall make a cash payment therefor on the basis of the Exercise Price then in effect.

11. Restrictions on Transfer. The Holder hereby acknowledges that neither this Warrant nor any of the securities that may be acquired upon exercise of this Warrant have been registered or qualified under the Securities Act or under the securities laws of any state. The Holder acknowledges that, upon exercise of this Warrant, the Shares to be issued upon such exercise will be subject to a Registration Rights Agreement dated July 27, 2001 and applicable federal and state securities (or other) laws requiring registration, qualification or approval of governmental authorities before they may be transferred following such exercise. The Holder agrees that the issuance of the Shares may be deferred until the issuance or sale of such Shares shall be lawful in all respects. The Holder acknowledges that a copy of the Registration Rights Agreement may be obtained upon written request to the Secretary of ViaSat. The restrictions imposed by this Paragraph 11 upon the exercise of this Warrant shall cease and terminate as to any particular Shares (i) when such Shares shall have been effectively registered and qualified under the Securities Act and all applicable state securities laws and disposed of in accordance with the registration statement covering such Shares or (ii) when, in the reasonable opinion of counsel for ViaSat, such restrictions are no longer required in order to insure compliance with the Securities Act and all applicable state securities laws.

12. Legends. Unless (i) the Shares have been registered under the Securities Act or (ii) in the reasonable opinion of counsel for ViaSat such legend is no longer required in order to ensure compliance with the Securities Act and all applicable state securities laws, upon exercise of this Warrant and the issuance of Shares hereunder, all certificates representing such Shares shall bear on the face thereof substantially the following legend:

> "THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. SUCH SHARES MAY NOT BE SOLD, TRANSFERRED OR PLEDGED IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH SALE OR TRANSFER IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT."

13. Stockholder Rights. Prior to the exercise of this Warrant, the Holder hereof shall not be entitled to any rights of a stockholder with respect to the Shares until the date of issuance of the Shares.

14. Transfer and Assignment.

(a) Except as set forth in this Paragraph 14, neither this Warrant nor any rights hereunder may be assigned, transferred, pledged or hypothecated in any way (whether by operation of law or otherwise); except that COMSAT may transfer this Warrant, or any portion of this Warrant, to an Affiliate or in connection with the sale of all or substantially all of its assets to a third party. This Warrant shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of this Warrant contrary to the provisions of this Warrant shall be null and void and without legal effect.

(b) Prior to any transfer of this Warrant or any rights hereunder (other than any transfer to an Affiliate that is directly or indirectly wholly owned by Lockheed Martin Corporation), the Holder shall give five (5) days prior written notice to ViaSat of such Holder's intention to effect such transfer (a "Transfer Notice"). The Holder agrees that the Holder will not sell, transfer or otherwise dispose of this Warrant or any rights hereunder, in whole or in part, except pursuant to an effective registration statement under the Securities Act or an exemption from registration hereunder. Each Warrant issued upon such transfer shall bear the restrictive legend set forth on this Warrant, unless in the opinion of the transferee's or the Holder's counsel delivered to ViaSat that is reasonably satisfactory to ViaSat in connection with such transfer such legend is not required in order to ensure compliance with the Securities Act.

(c) Notwithstanding the foregoing provisions of this Paragraph 14, the restrictions imposed by Paragraph 11 upon the transferability of this Warrant and the legend requirement of Paragraph 12 hereof shall terminate as to this Warrant or the Shares (i) when and so long as such security shall have been registered under the Securities Act and disposed of pursuant thereto or (ii) when the Holder or holder of Shares shall have delivered to ViaSat the written opinion of counsel to such holder reasonably satisfactory to ViaSat, stating that such legend is not required in order to ensure compliance with the Securities Act. Whenever the restrictions imposed by this Paragraph 14 shall terminate as to this Warrant and the Shares, as hereinabove provided, the holder of the certificate evidencing such security shall be entitled to receive from ViaSat, at the expense of ViaSat, a new Warrant or a new certificate representing such Shares, as the case may be, not bearing the applicable restrictive legend.

(d) The terms and provisions of this Warrant shall inure to the benefit of, and be binding upon, ViaSat, the Holder and their respective successors and assigns in accordance with this Paragraph 14.

15. Lost or Destroyed Warrant. Upon receipt by ViaSat of evidence from Holder of the loss, theft, destruction or mutilation of this Warrant, and upon surrender and cancellation of this Warrant, if mutilated, ViaSat shall execute and deliver a new warrant of like tenor and date. The Holder agrees with ViaSat that this Warrant is issued, and all the rights hereunder shall be held subject to, all of the conditions, limitations and provisions set forth herein.

16. Notices. All notices required under this Warrant shall be deemed to have been given or made (i) upon personal delivery, (ii) upon confirmation receipt that the communication was successfully sent to the applicable number if sent by facsimile, (iii) one day after being sent, when sent by professional overnight courier service, or (iv) five days after posting when sent by registered or certified mail. Notices to ViaSat shall be sent to 6155 El Camino Real, Carlsbad, CA 92009; Fax: 760-929-3926, Attn: Gregory D. Monahan, or to such other place as ViaSat

shall notify the Holder hereof in writing). Notices to the Holder hereof shall be sent to COMSAT Corporation, 6560 Rock Spring Drive, Bethesda, Maryland 20817; Fax: 301-214-7185, Attn: General Counsel, or to such other place as the Holder shall notify ViaSat in writing).

17. Attorney's Fees. If any action of law or equity is necessary to enforce or interpret the terms of this Warrant, the prevailing party shall be entitled to its reasonable attorneys' fees, costs and disbursements in addition to any other relief to which it may be entitled.

18. Modification and Waiver. This Warrant and any provision hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of the same is sought.

19. Captions. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof.

20. Construction. As used in this Warrant, the plural shall include the singular and the singular shall include the plural.

21. Governing Law. This Warrant shall be construed in accordance with and governed by the law of the State of Delaware (without regard to the choice of law provisions thereof).

IN WITNESS WHEREOF, the parties hereto have caused this Warrant to be duly executed by their respective authorized officers as of the day and year first above written.

VIASAT, INC.

By:_______________________________________
Name:
Title:

COMSAT CORPORATION

By:_______________________________________
Name:
Title:

WARRANT EXERCISE FORM

The undersigned hereby elects to exercise the within Warrant to the extent of purchasing _____________ shares of Common Stock of ViaSat, Inc., and hereby makes payment of $________________ in payment therefor; and if such shares of Common Stock shall not include all of the shares of Common Stock issuable as provided in the within Warrant, that a new warrant of like tenor and date for the balance of the shares of Common Stock issuable hereunder be delivered to the undersigned.

Date: _____________ _____________________________________

Signature

Address: ____________________________

____

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INSTRUCTIONS FOR ISSUANCE OF STOCK

(if other than to the registered holder of the within Warrant)

Name:____

(Please typewrite or print in block letters)

Address: ____

Social Security or Taxpayer Identification Number: ____________________________

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ASSIGNMENT FORM

FOR VALUE RECEIVED, _________________________ hereby sells, assigns and transfers unto ____

Name (Please typewrite or print in block letters)

the rights to purchase Common Stock of ViaSat, Inc., a Delaware corporation, represented by the within Warrant to the extent of shares as to which such right is exercisable and does hereby irrevocably constitute and appoint ____________________________, as its attorney in fact, to transfer the same on the books of ViaSat with full power of substitution in the premises.

Date: ______________ ____________________________________

Signature

Accepted: _____________________________

Name: _______________________

Date: _______________________

SCHEDULE 4

Vesting Schedule

DATE	VESTING DATE	NO. OF SHARES	EXERCISE PRICE	COMSAT SIGNATORY	VIASAT SIGNATORY
		10,000			
		10,000			
		10,000			
		10,000			
		10,000			
		10,000			

SCHEDULE 5

Policies, Practices and Procedures to Determine Revenue

Revenues are derived from the sale of communications equipment, principally made up of the Linkway family of products, COMSAT Link Accelerators and INTELSAT High Speed TDMA equipment and derivatives of those products. Revenues from product sales are recognized at the time the equipment is shipped to the customer. In addition to the sale of products, revenues are derived from non-product sales that are comprised generally of services, such as program management services and consulting; the sale of network control and management systems and training in the operation of these systems. Revenues from non-product sales are recognized monthly as those non-product services are rendered or as may be modified in accordance with contract terms. Revenues derived from the licensing of Intellectual Property to third parties would be recognized at the earlier of the time at which they become due pursuant to an existing contractual commitment or the time at which they are received by the Business. The Business maintains a general reserve for uncollectable receivables of $20,000. The Business, however, does not on an ongoing basis accrue for uncollectable accounts receivable. Should a circumstance exist that would give rise to the accrual of additional accounts receivable reserves, the Business' established practice is to accrue for this as an expense, not as a reduction of revenue. Revenue on contracts containing advanced payments are recognized at the time the equipment is shipped or the non- product services are rendered. Should a product be returned, the practice adopted by the Business would be to reduce revenue in the period the product was returned by reversing the original transaction.