A NEW PERSPECTIVE

VIASAT 2014 » ANNUAL REPORT

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DEAR SHAREHOLDERS

What an eventful year! We made strong progress financially, setting new records for revenue and Adusted EBITDA, which grew 21% and 35%, respectively, over the prior fiscal year. Please take a few minutes to review the financial data in this annual report. It tells a remarkable story of our evolution from a technology and products company to one that has the skills and resources to create greater economic value through the services enabled by our technology. We are pleased with the financial metrics, but in many ways our future is better understood by placing those results in the context of the exciting events playing out in our markets around the world.

In little over a decade, the role of broadband connectivity has evolved dramatically. Connectivity is increasingly a necessity—more than just convenience or entertainment. *People* expect it, and *things* need it to function. The meaning is evolving quickly too. Naturally we expect (require) faster transmission and quicker response. But there are new dimensions in play. The roles of different forms of broadband networks are evolving quickly. Access networks (think *last mile* cable or telco) are still very important, but the interfaces between access and long-haul networks are commanding more attention. *Why does that streaming video keep buffering on a fiber optic network?* Wireless is hugely important, and is enabling increasingly sophisticated and powerful mobile devices. But licensed mobile wireless service provides a smaller and smaller proportion of the data we consume. Wi-Fi is growing *really, really fast* and consumers increasingly expect it to be available everywhere, with high service quality, and often free or at least very affordable. There is now way more focus on *privacy* and *security.* But privacy from whom? Are we more concerned with hackers, foreign state sponsored cybercrime, our own governments, or the seemingly omniscient cloud services that want to understand and anticipate our every movement? *Leave now for your appointment, traffic is slow.* Most likely it's all of the above. What do we mean by security and privacy? Who do we trust? What does trust mean?

What will shape the future of connectivity? One line of thinking would argue that pretty much all the cards are on the table; all factors are in play. According to this argument, business models are pretty clear, and scale matters the most. The biggest, the richest, and the most politically connected will win. They will buy competitors, subscribers, spectrum, rights of way, content, and a handful of other ingredients that *everyone knows* are the keys to success. What matters is branding, bundling, and buzz. *Or is it consolidation, convergence, and content?* The winner doesn't need to invent the future, so much as to package it.

But then a couple dozen people create a viral new messaging app worth almost $20 billion and where does that fit In? In terms of corporate maneuvering we've seen:

- Proposed consolidation among wireless, wired, and satellite TV
- Wireless targeting in-flight Wi-Fi
- In-flight Wi-Fi targeting in-flight entertainment
- In-flight entertainment targeting in-flight Wi-Fi

- Wireless targeting video distribution
- Video distribution targeting wireless
- Cable TV buying spectrum to compete with wireless, then selling it and building Wi-Fi instead
- "Wi-Fi-first" wireless companies
- Consolidation among cable TV operators
- Even more proposals for wireless consolidation
- Internet companies competing with transmission companies for spectrum and fiber networks
- Virtually every boundary among content creation and forms of distribution being blurred or erased
- Internet companies experimenting with satellites, drones, and balloons for connectivity

I can't help it. It reminds me of a scene in *Ghostbusters*—"Disasters of biblical proportions... Fire and brimstone coming from the skies... Cats and dogs living together... Mass hysteria."

These developments pretty much put to rest the argument that all cards are on the table. While branding, bundling, and buzz may be enough for the largest incumbent service providers to prosper, we think the future of connectivity is still being *invented*. Of course packaging, bundling, and marketing matter. But the dimensions of value for connectivity service are still changing—and fast—and there is a lot of potential to disrupt markets. No one knows exactly how this will happen, and our crystal ball is not necessarily better than anyone else's. Other things, though, are quite clear.

A critical, fundamental technology problem is providing enormous amounts of bandwidth in hard-to-reach places at economical costs. It's the same problem for in-flight connectivity, processing huge volumes of real-time data for energy exploration, providing super-fast broadband for hard-to-reach homes or businesses, or connecting the coming low cost smartphones for the last few billion people in the current economic order.

The best way to derive value from inventing these new technologies is to integrate them into services that end users want. Often that means creating new paths to market to circumvent incumbents that merely want to preserve the status quo—whatever that is. It takes time, but it's worth it. We're learning that every day through our consumer Exede® Internet and Exede In The Air services.

ViaSat is unique among connectivity service providers in that we are so highly vertically integrated. We've built a valuable business out of solving technology problems. We can, and do, *invent* whatever hardware or software technologies are needed to make dramatic improvements in bandwidth delivery, security, and trust—primarily, but not exclusively, over satellite. That can be a big advantage over providers that compete only by *buying* standard technologies from others.

Our innovations are having real impact. Imitation isn't just flattery—it's one of the most common technology business strategies, as we learned with ViaSat-1. In fiscal year 2014 we fought hard, and invested $25 million, to prove that we did invent the technology behind ViaSat-1 and that Space Systems/Loral (SS/L) breached our contract and infringed our patents. It was expensive and time consuming. There is still more work to do in defending our innovations, but our initial jury award indicates the value of these technologies, and surfaced the facts behind SS/L's misappropriation of our intellectual property.

ViaSat-1 services demonstrate the economic value of more efficiently delivered bandwidth. We're motivated to do even more. In fiscal year 2014 we increased R&D spending by an incremental $25 million to create more competitive advantages through coming generations of satellites and network equipment. The launch of ViaSat-2 is planned for 2016, and successive generations can be substantially better in multiple dimensions. The value of such technology is only being made more clear by the flurry of transactions in our markets.

We're excited by the market trends. New entrants and consolidation mean our markets are getting bigger and more valuable. We believe the technology we have, and are creating, will help us capture a worthwhile portion of that value. Today we're not only making progress in satellite transmission, but in infrastructure security, mobile device security, streaming media, and interactive web services. We're working with the world's largest smartphone maker to secure government and enterprise devices. We're creating new standards for infrastructure security with one of America's largest and technologically-savvy electric utilities. We're already delivering on-demand streaming media to mobile devices in flight and intend to make that even more accessible. All these technologies are converging—must converge—and we believe we have unique opportunities to lead the way. It's fun and challenging and potentially very rewarding. What more could we want?

As always we'd like to sincerely thank our employees, shareholders, and business suppliers and partners for giving us these opportunities. We aim to make the best of them!

Sincerely,

Mark Dankberg
Chairman of the Board and Chief Executive Officer

FISCAL YEAR 2014 IN REVIEW

Customer Growth for High-Performance Systems and Services

- Reached 641,000 total subscribers for our satellite Internet services; over 500,000 on ViaSat-1.
- Deliveries of Ka-band broadband terminals over two million, including one million second-generation terminals.
- Launched Exede In The Air in-flight Internet—JetBlue Fly-Fi™—with positive media and passenger reviews and flight data showing from three to ten times the passenger participation per plane compared to publicly-disclosed usage figures for other in-flight Wi-Fi offerings.
- Mobile high-speed service to more than 3,000 platforms.

Widespread Acclaim for our Technology

- Bronze Edison Award from the internationally renowned Edison Universe organization for Exede Internet in the IT/Computing category.
- CONNECT Most Innovative New Product Awards finalist in the Aerospace and Security Technologies category for Exede In The Air.
- Innovator Award from Arthur C. Clarke Foundation to CEO Mark Dankberg.
- World Technology Award in the Communications Technology category by The World Technology Network out of a group of 33 nominated companies for innovation in creating the high-capacity satellite system, featuring ViaSat-1.
- North American Ka-band Technology Leadership Award from Frost & Sullivan for demonstrating outstanding achievement and superior performance in areas such as leadership, technological innovation, customer service, and strategic product development.

Moving Ahead to More Innovation and Market Disruption

- Began construction of ViaSat-2 with the intent to achieve an unparalleled mix of capacity and coverage.
- Launched Exede Voice, becoming the first satellite Internet service provider to offer U.S. residential VoIP telephone service.
- Created Exede Evolution, the first satellite Internet service plan to feature unlimited, full-speed access for email and web pages.
- Integrated defense-grade cyber and information security technologies into Samsung KNOX™-enabled mobile devices to provide a secure, enterprise mobile service.
- Fostering creativity and imagination as Founding Partner of the first and only Arthur C. Clarke Center for Human Imagination at UCSD.
- Provided Farmers Insurance Open organizer Century Club of San Diego with course-wide tournament operations networking and patron Wi-Fi services, a new application for ViaSat Exede Enterprise satellite services.
- Added two premium classes of Yonder® high-speed Internet service for business aviation—Yonder Premium and Yonder VIP—to enhance data rates, quality of service, network operations, and field engineering.
- Acquired LonoCloud Inc., a company with expertise in cloud networking software that will be integrated with the ViaSat Broadband System.
- Agreed to extend Exede In The Air in-flight Internet services to Europe with launch customer EL AL on Boeing 737s between Tel Aviv and Europe.
- ViaSat Ka-band airborne satellite terminals will become a factory line-fit option on Boeing commercial aircraft.
- Expanded our ability to deliver satellite services and Internet access with the acquisition of NetNearU Corp., an expert in network management systems and software for Wi-Fi and other Internet access networks.

SEEING

Satellite Broadband Differently

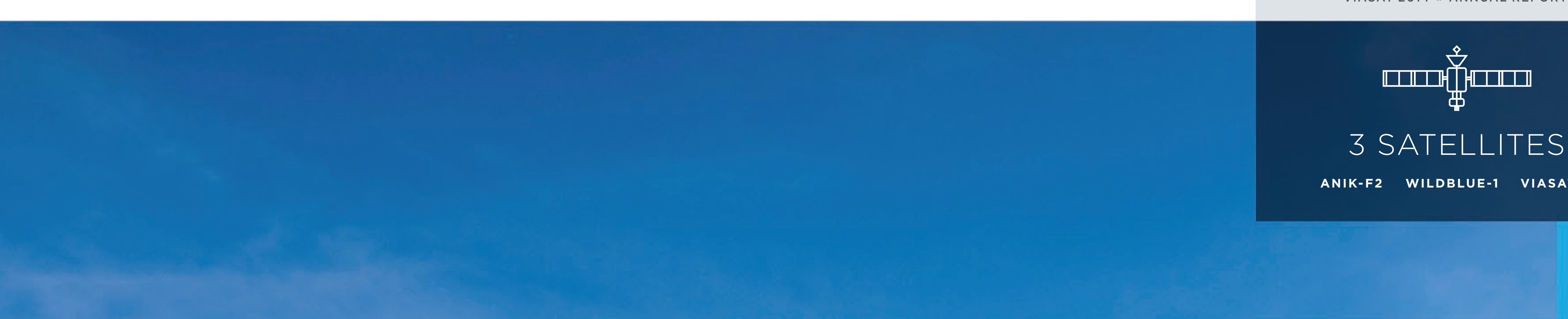
The satellite industry had lagged terrestrial networks in improving bandwidth economics for almost two decades. Our ViaSat-1 design was a major leap forward. The gain in bandwidth economics sparked rapid growth for our services businesses. We believe the new technologies we're developing will enable satellite to compete even more effectively.

TECHNOLOGY DRIVES
BANDWIDTH ECONOMICS

BANDWIDTH IS THE PRIMARY SOURCE OF VALUE

INNOVATIONS
IN SPACE SYSTEM ARCHITECTURE

GROWING
INTELLECTUAL PROPERTY PORTFOLIO



TRANSFORMING

Our Company for Growth

Over the years, we assembled and integrated the breadth of technologies needed to drive satellite bandwidth economics. Now we are doing the same with the network services skills that enable us to uniquely capture that value through disruptive offerings in a broad range of markets.

3 SATELLITES

ANIK-F2 WILDBLUE-1 VIASAT-1

DISRUPTIVE

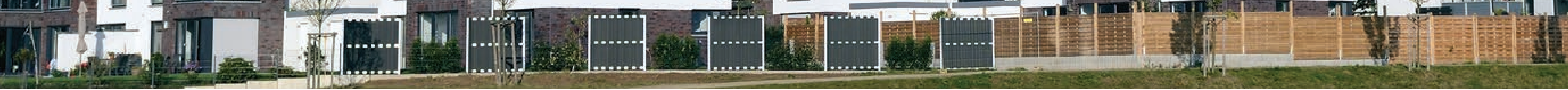
SERVICE DEFINITIONS

UNIQUELY

ENABLED BY BANDWIDTH ECONOMICS

FUNDAMENTAL

CHANGES TO SATELLITE ECOSYSTEMS



INVENTING

A New System with Constant Innovation

Our investments in technology and talent have landed us in a unique position. We can engineer the new state of the art in technology, build what we invent, acquire customers, and provide them with ever-improving services.

PROVIDING

Quality Services that Customers Desire

We believe that satellite doesn't need to be the last resort for Internet and broadband services. We believe that, with imagination and creativity, we can find ways to provide more value to our target market than alternative terrestrial technologies.

INCREASING

Awareness, Visibility, and Security

"Information superiority" is a cornerstone of US defense strategy—and space resources are an essential element of that strategy. Our satellite architectures support higher speeds, more platforms, and much more data than any other. We're working with government customers to make their missions more effective and economical than ever.

LEADING

The Transformation Worldwide

Having proven the value of superior bandwidth economics in North America, we're helping others to offer the transformational services that our technologies enable. Building relationships with international partners that want our new bandwidth value proposition will enable all of us to benefit from a more valuable global network with an enduring competitive edge.

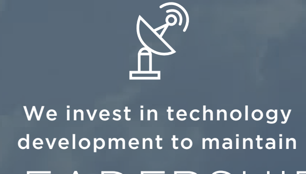
TOTAL BANDWIDTH WE SUPPORT WITH OUR SYSTEMS MAKES US THE

KA-BAND
MARKET SHARE LEADER

85% 3RD PARTY BANDWIDTH MARKET SHARE

67% TOTAL BANDWIDTH MARKET SHARE

Our Antenna Systems group is the market share leader for digital imagery ground stations



We invest in technology development to maintain LEADERSHIP

New, cooperative relationship with Boeing to provide our new satellite designs to the market

CHANGING

The Game with Exede Services

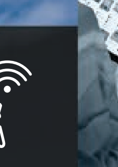
We reinvented satellite Internet. But we're not done. Faster speeds and more bandwidth will increase our addressable markets for residential, enterprise, and mobile services. Live streaming, over-the-top, video on demand—they're all literally changing the definitions of entertainment and connectivity. We can be a leader in those transformations.

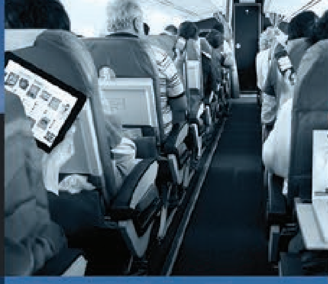
IN-FLIGHT CONNECTIVITY

INCREASE PASSENGER ENGAGEMENT TO CREATE

A NEW BUSINESS MODEL FOR AIRLINES

VERY FEW PASSENGERS USE OTHER IN-FLIGHT WI-FI





WE'RE REMOVING BARRIERS—**SO EVERYONE CAN USE IT**

THAT'S ONLY POSSIBLE WITH **VAST AMOUNTS OF BANDWIDTH**

VIASAT-2

CONTINUES OUR MISSION TO PROVIDE BETTER SERVICE

Myth-busting combination of coverage and economics

Extending our reach, opening new markets

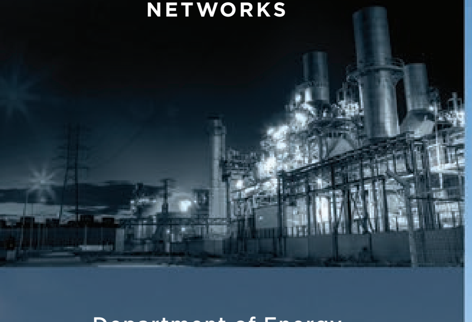
SECURING
Our More Networked World

The "Internet of Things" promises convenience and efficiency by networking every electronic device and processor. But with connectedness comes vulnerability, to hackers inside and outside organizations. We bring visibility and security to these networks, providing the means to isolate and defeat cyber threats.

MOMENTUM IN
SECURITY

FOR MOBILE DEVICES

FOR CRITICAL INFRASTRUCTURE NETWORKS



Department of Energy

Southern California Edison

Beginning a transition from developments to deployments for securing critical infrastructure

APPLYING DOD
INFORMATION ASSURANCE EXPERTISE
TO SECURE THE MOBILE ENTERPRISE

SAMSUNG
Gold Partner
Enterprise Alliance Program

FINANCIAL
SUMMARY
ADJUSTED
EBITDA
(dollars in millions)
$161
$149
$163
$221
2011
2012
2013
2014
FISCAL YEAR
NEW
CONTRACT
AWARDS
(dollars in millions)
$853
$1,009
$1,373
$1,426
2011
2012
2013
2014
FISCAL YEAR
REVENUES
(dollars in millions)
$802
$864
$1,120
$1,351
2011
2012
2013
2014
FISCAL YEAR

FINANCIAL PERFORMANCE

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SELECTED FINANCIAL DATA

The following table provides our selected financial information for each of the fiscal years in the five-year period ended April 4, 2014. The data as of and for each of the fiscal years in the five-year period ended April 4, 2014 have been derived from our audited consolidated financial statements. You should consider the financial statement data provided below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes which are included elsewhere in this Annual Report.

Fiscal Years Ended (In thousands, except per share data)	**April 4 2014**	**March 29 2013**	**March 30 2012**	**April 1 2011**	**April 2 2010**
CONSOLIDATED STATEMENTS OF OPERATIONS DATA					
Revenues:					
Product revenues	$ 785,738	$ 664,417	$ 542,064	$ 523,938	$ 584,074
Service revenues	565,724	455,273	321,563	278,268	104,006
Total revenues	1,351,462	1,119,690	863,627	802,206	688,080
Operating expenses:					
Cost of product revenues	571,855	484,973	402,794	389,945	408,526
Cost of service revenues	419,425	363,188	233,187	160,623	66,830
Selling, general and administrative	281,533	240,859	181,728	164,265	132,895
Independent research and development	60,736	35,448	24,992	28,711	27,325
Amortization of acquired intangible assets	14,614	15,584	18,732	19,409	9,494
Income (loss) from operations	3,299	(20,362)	2,194	39,253	43,010
Interest expense, net	(37,903)	(43,820)	(8,247)	(2,831)	(6,733)
Loss on extinguishment of debt	—	(26,501)	—	—	—
(Loss) income before income taxes	(34,604)	(90,683)	(6,053)	36,422	36,277
(Benefit from) provision for income taxes	(25,947)	(50,054)	(13,651)	(2)	5,438
Net (loss) income	(8,657)	(40,629)	7,598	36,424	30,839
Less: Net income (loss) attributable to noncontrolling interest, net of tax	789	543	102	309	(297)
Net (loss) income attributable to ViaSat, Inc.	$ (9,446)	$ (41,172)	$ 7,496	$ 36,115	$ 31,136
Basic net (loss) income per share attributable to ViaSat, Inc. common stockholders	$ (0.21)	$ (0.94)	$ 0.18	$ 0.88	$ 0.94
Diluted net (loss) income per share attributable to ViaSat, Inc. common stockholders	$ (0.21)	$ (0.94)	$ 0.17	$ 0.84	$ 0.89
Shares used in computing basic net (loss) income per share	45,744	43,931	42,325	40,858	33,020
Shares used in computing diluted net (loss) income per share	45,744	43,931	44,226	43,059	34,839
CONSOLIDATED BALANCE SHEET DATA					
Cash and cash equivalents	$ 58,347	$ 105,738	$ 172,583	$ 40,490	$ 89,631
Working capital	256,795	297,725	327,110	167,457	214,541
Total assets	1,960,115	1,794,072	1,727,153	1,405,748	1,293,552
Senior notes, net	583,861	584,993	547,791	272,296	271,801
Other long-term debt	105,900	1,456	774	61,946	60,000
Other liabilities	48,893	52,640	50,353	23,842	24,395
Total ViaSat, Inc. stockholders' equity	941,012	903,001	887,975	840,125	753,005

Fiscal year 2010 information presented reflects the acquisition of WildBlue Holding, Inc. in December of 2009 for approximately $574.6 million. Therefore, our consolidated statements of operations data for the fiscal years ended April 4, 2014, March 29, 2013, March 30, 2012 and April 1, 2011 are not comparable to our consolidated statements of operations data for the year ended April 2, 2010. In addition, our fiscal year 2013 information presented reflects the repurchase and redemption of our former 8.875% Senior Notes due 2016 (2016 Notes) and the associated approximately $26.5 million loss on extinguishment of debt. Refer to Note 5 to the consolidated financial statements for discussion of the repurchase and redemption of all of the 2016 Notes and loss on extinguishment of debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

COMPANY OVERVIEW

We are a leading provider of high-speed fixed and mobile broadband services, advanced satellite and other wireless networks 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 next-generation satellite broadband technologies and services for both fixed and mobile users. Our product, systems and service offerings are often linked through common underlying technologies, customer applications and market relationships. We believe that our portfolio of products and services, combined with our ability to effectively cross-deploy technologies between government and commercial segments and across different geographic markets, provides us with a strong foundation to sustain and enhance our leadership in advanced communications and networking technologies. ViaSat operates in three segments: satellite services, commercial networks and government systems.

Satellite services

Our satellite services segment provides retail and wholesale satellite-based broadband services for our consumer, enterprise and mobile broadband customers primarily in the United States. Our Exede® broadband services are designed to offer a high-quality broadband service choice to the millions of unserved and under-served consumers in the United States and to significantly expand the quality, capability and availability of high-speed broadband satellite services for U.S. consumers and enterprises. Our satellite services business also provides a platform for the provision of network management services to domestic and international satellite service providers. In May 2013, we entered into a satellite construction contract for ViaSat-2, our second high-capacity Ka-band satellite.

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

- Retail and wholesale broadband satellite services offered to consumers and small businesses under the Exede and WildBlue® brands, which provide two-way satellite-based broadband internet access and Voice over Internet Protocol (VoIP). As of April 4, 2014, we provided broadband satellite services to approximately 641,000 subscribers.
- Mobile broadband services, which provide global network management and high-speed internet connectivity services for customers using airborne, maritime and ground-mobile satellite systems.
- Enterprise broadband services, which include in-flight Wi-Fi (including our flagship Exede In The Air service), live on-line event streaming, oil and natural gas data gathering services and high definition satellite news gathering.

Commercial networks

Our commercial networks segment develops and produces a variety of advanced end-to-end satellite and other wireless 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, and are either sold to our commercial networks customers or utilized to provide services through our satellite services segment.

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

- Fixed satellite networks, including next-generation satellite network infrastructure and ground terminals to access Ka-band broadband services on high-capacity satellites.
- Mobile broadband satellite communication systems, designed for use in aircraft, high-speed trains and seagoing vessels.
- Antenna systems for terrestrial and satellite applications, specializing in geospatial imagery, mobile satellite communication, Ka-band gateways and other multi-band antennas.
- Satellite networking development programs, including specialized design and technology services covering all aspects of satellite communication system architecture and technology.

Government systems

Our government systems segment develops and produces network-centric Internet Protocol (IP)-based fixed and mobile secure government communications systems, products, services 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 the U.S. Department of Defense (DoD), armed forces, public safety first-responders and remote government employees.

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

» Government satellite communication systems, which comprise an array of portable, mobile and fixed broadband modems, terminals, network access control systems and antenna systems using a range of satellite frequency bands for line-of-sight and beyond-line-of-sight Intelligence, Surveillance and Reconaissance and Command and Control missions, satellite networking services and global mobile broadband capability, and include products designed for manpacks, aircraft, unmanned aerial vehicles, seagoing vessels, ground mobile vehicles and fixed applications.

» Information security and assurance products and secure networking solutions, which provide advanced, high-speed IP-based "Type 1" and High Assurance Internet Protocol Encryption (HAIPE®)-compliant encryption solutions that enable military and government users to communicate information securely over networks, and that secure data stored on computers and storage devices.

» Tactical data links, including Multifunctional Information Distribution Systems (MIDS) terminals for military fighter jets and their successor, MIDS Joint Tactical Radio System (MIDS-JTRS) terminals, "disposable" weapon data links and portable small tactical terminals.

SOURCES OF REVENUES

Our satellite services segment revenues are primarily derived from our domestic satellite broadband services business and from our worldwide managed network services.

Our products in our commercial networks and government systems 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 92%, 94% and 93% of our total revenues for these segments for fiscal years 2014, 2013 and 2012, 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).

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

Historically, a significant portion of our revenues 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 31%, 26% and 26% of our total revenues during fiscal years 2014, 2013 and 2012, respectively.

We also incur independent research and development (IR&D) expenses, which are not directly funded by a third party. IR&D expenses consist primarily of salaries and other personnel-related expenses, supplies, prototype materials, testing and certification related to research and development projects. IR&D expenses were approximately 5%, 3% and 3% of total revenues in fiscal years 2014, 2013 and 2012, respectively. As a government contractor, we are able to recover a portion of our IR&D expenses pursuant to our government contracts.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We consider the policies discussed

below to be critical to an understanding of our financial statements because their application places the most significant demands on management's judgment, with financial reporting results relying on estimation about the effect of matters that are inherently uncertain. We describe the specific risks for these critical accounting policies in the following paragraphs. For all of these policies, we caution that future events rarely develop exactly as forecast, and even the best estimates routinely require adjustment.

Revenue recognition

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

The percentage-of-completion method of accounting requires management to estimate the profit margin for each individual contract and to apply that profit margin on a uniform basis as sales are recorded under the contract. The estimation of profit margins requires management to make projections of the total sales to be generated and the total costs that will be incurred under a contract. These projections require management to make numerous assumptions and estimates relating to items such as the complexity of design and related development costs, performance of subcontractors, availability and cost of materials, labor productivity and cost, overhead and capital costs, and manufacturing efficiency. These contracts often include purchase options for additional quantities and customer change orders for additional or revised product functionality. Purchase options and change orders are accounted for either as an integral part of the original contract or separately depending upon the nature and value of the item. For contract claims or similar items, we apply judgment in estimating the amounts and assessing the potential for realization. These amounts are only included in contract value when they can be reliably estimated and realization is considered probable. Anticipated losses on contracts are recognized in full in the period in which losses become probable and estimable. During fiscal years 2014, 2013 and 2012, we recorded losses of approximately $3.3 million, $3.1 million and $1.4 million, respectively, related to loss contracts.

Assuming the initial estimates of sales and costs under a contract are accurate, the percentage-of-completion method results in the profit margin being recorded evenly as revenue is recognized under the contract. Changes in these underlying estimates due to revisions in sales and future cost estimates or the exercise of contract options may result in profit margins being recognized unevenly over a contract as such changes are accounted for on a cumulative basis in the period estimates are revised. We believe we have established appropriate systems and processes to enable us to reasonably estimate future costs on our programs through regular evaluations of contract costs, scheduling and technical matters by business unit personnel and management. Historically, in the aggregate, we have not experienced significant deviations in actual costs from estimated program costs, and when deviations that result in significant adjustments arise, we disclose the related impact in Management's Discussion and Analysis of Financial Condition and Results of Operations. However, these estimates require significant management judgment and a significant change in future cost estimates on one or more programs could have a material effect on our results of operations. A one percent variance in our future cost estimates on open fixed-price contracts as of April 4, 2014 would change our loss before income taxes by approximately $0.7 million.

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

We also enter into certain leasing arrangements with customers and evaluate the contracts in accordance with the authoritative guidance for leases (ASC 840). Our accounting for equipment leases involves specific determinations under the authoritative guidance for leases, which often involve complex provisions and significant judgments. In accordance with the authoritative guidance for leases, we classify the transactions as sales type or operating leases based on: (1) review for transfers of ownership of the equipment to the lessee by the end of the lease term, (2) review of the lease terms to determine if it contains an option to purchase the leased equipment for a price which is sufficiently lower than the expected fair value of the equipment at the date of the option, (3) review of the lease term to determine if it is equal to or greater than 75% of the economic life of the equipment, and (4) review of the present value of the minimum lease payments to determine if they are equal to or greater than 90% of the fair market value of the equipment at the inception of the lease.

Additionally, we consider the cancelability of the contract and any related uncertainty of collections or risk in recoverability of the lease investment at lease inception. Revenue from sales type leases is recognized at the inception of the lease or when the equipment has been delivered and installed at the customer site, if installation is required. Revenues from equipment rentals under operating leases are recognized as earned over the lease term, which is generally on a straight-line basis.

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

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

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

Warranty reserves

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

Property, equipment and satellites

Satellites and other property and equipment are recorded at cost or in the case of certain satellites and other property acquired, the fair value at the date of acquisition, net of accumulated depreciation. Capitalized satellite costs consist primarily of the costs of satellite construction and launch, including launch insurance and insurance during the period of in-orbit testing, the net present value of performance incentives expected to be payable to

the satellite manufacturers (dependent on the continued satisfactory performance of the satellites), costs directly associated with the monitoring and support of satellite construction, and interest costs incurred during the period of satellite construction. We also construct gateway facilities, network operations systems and other assets to support our satellites, and those construction costs, including interest, are capitalized as incurred. At the time satellites are placed in service, we estimate the useful life of our satellites for depreciation purposes based upon an analysis of each satellite's performance against the original manufacturer's orbital design life, estimated fuel levels and related consumption rates, as well as historical satellite operating trends.

We own two satellites: ViaSat-1 (our first high-capacity Ka-band spot-beam satellite, which was placed into service in January 2012) and WildBlue-1 (which was placed into service in March 2007). In May 2013, we entered into a satellite construction contract for ViaSat-2, our second high-capacity Ka-band satellite. In addition, we have an exclusive prepaid lifetime capital lease of Ka-band capacity over the contiguous United States on Telesat Canada's Anik F2 satellite (which was placed into service in April 2005) and own related gateway and networking equipment on all of our satellites. Property and equipment also includes the customer premise equipment (CPE) units leased to subscribers under a retail leasing program as part of our satellite services segment.

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

In accordance with the authoritative guidance for impairment or disposal of long-lived assets (ASC 360), we assess potential impairments to our long-lived assets, including property, equipment and satellites and other assets, when there is evidence that events or changes in circumstances indicate that the carrying value may not be recoverable. We periodically review the remaining estimated useful life of the satellite to determine if revisions to the estimated life are necessary. We recognize an impairment loss when the undiscounted cash flows expected to be generated by an asset (or group of assets) are less than the asset's carrying value. Any required impairment loss would be measured as the amount by which the asset's carrying value exceeds its fair value, and would be recorded as a reduction in the carrying value of the related asset and charged to results of operations. No material impairments were recorded by us for fiscal years 2014, 2013 and 2012.

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

In accordance with ASC 350, we assess qualitative factors to determine whether goodwill is impaired. Furthermore, in addition to qualitative analysis, we believe it is appropriate to conduct a quantitative analysis periodically as a prudent review of our reporting unit goodwill fair values. Our quantitative analysis estimates the fair values of the reporting units using discounted cash flows and other indicators of fair value. The forecast of future cash flow is based on our best estimate of the future revenue and operating costs, based primarily on existing firm orders, expected future orders, contracts with suppliers, labor resources and general market conditions. Based on a quantitative analysis for fiscal year 2014, we concluded that estimated fair values of our reporting units significantly exceed their respective carrying value.

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

Based on our qualitative and quantitative assessment performed during the fourth quarter of fiscal year 2014, we concluded that it was more likely than not that the estimated fair value of our reporting units exceeded its carrying value as of April 4, 2014 and, therefore, determined it was not necessary to perform step two of the goodwill impairment test.

Income taxes and valuation allowance on deferred tax assets

Management evaluates the realizability of our deferred tax assets and assesses the need for a valuation allowance on a quarterly basis. In accordance with the authoritative guidance for income taxes (ASC 740), net deferred tax assets are reduced by a valuation allowance if, based on all the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. Our valuation allowance against deferred tax assets decreased from $16.0 million at March 29, 2013 to $12.8 million at April 4, 2014. The valuation allowance primarily relates to state net operating loss carryforwards and research and development credit carryforwards available to reduce state income taxes.

Our analysis of the need for a valuation allowance on deferred tax assets considered the losses incurred during the fiscal years ended April 4, 2014 and March 29, 2013. The loss from fiscal year 2013 was more significant and a substantial portion of such loss resulted from an extinguishment of debt charge that was recorded upon the refinancing of our former 2016 Notes with the proceeds from the issuance of additional 6.875% Senior Notes due 2020 (2020 Notes) in October 2012, which provides a benefit to net income due to the lower interest rate of the 2020 Notes. Our evaluation considered other factors, including our history of positive earnings, current earnings trends assuming our satellite subscriber base continues to grow, taxable income adjusted for certain items, our contractual backlog, and forecasted income by jurisdiction. We also considered the lengthy period over which these net deferred tax assets can be realized, and our history of not having federal tax loss carryforwards expire unused. Based on our analysis of the need for a valuation allowance on deferred tax assets, we released $3.1 million of the valuation allowance during fiscal year 2014 which related primarily to state net operating loss carryforwards as a result of the combination of the merger of ViaSat Communications, Inc. into ViaSat and changes in the apportioned state tax rates.

Accruals for uncertain tax positions are provided for in accordance with the authoritative guidance for accounting for uncertainty in income taxes (ASC 740). Under the authoritative guidance, we may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The authoritative guidance addresses the derecognition of income tax assets and liabilities, classification of 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 total revenues, income statement data for the periods indicated.

Fiscal Years Ended	April 4 2014	March 29 2013	March 30 2012
Revenues:	100.0%	100.0%	100.0%
Product revenues	58.1	59.3	62.8
Service revenues	41.9	40.7	37.2
Operating expenses:			
Cost of product revenues	42.3	43.3	46.6
Cost of service revenues	31.0	32.4	27.0
Selling, general and administrative	20.8	21.5	21.0
Independent research and development	4.6	3.2	2.9
Amortization of acquired intangible assets	1.1	1.4	2.2
Income (loss) from operations	0.2	(1.8)	0.3
Interest expense, net	(2.8)	(3.9)	(1.0)
Loss on extinguishment of debt	—	(2.4)	—
Loss before income taxes	(2.6)	(8.1)	(0.7)
Benefit from income taxes	(2.0)	(4.5)	(1.6)
Net (loss) income	(0.6)	(3.6)	0.9
Net (loss) income attributable to ViaSat, Inc.	(0.7)	(3.7)	0.9

FISCAL YEAR 2014 COMPARED TO FISCAL YEAR 2013

Revenues

Fiscal Years Ended (In millions, except percentages)	April 4 2014	March 29 2013	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Product revenues	$ 785.7	$ 664.4	$ 121.3	18.3%
Service revenues	565.7	455.3	110.5	24.3%
Total revenues	$ 1,351.5	$ 1,119.7	$ 231.8	20.7%

Our total revenues grew by $231.8 million as a result of a $121.3 million increase in product revenues and a $110.5 million increase in service revenues. The product revenue increase was comprised primarily of $83.1 million in our commercial networks segment and $42.9 million in our government systems segment. The service revenue increase was comprised primarily of $118.4 million in our satellite services segment, offset by a decrease of $5.4 million in our government systems segment.

Cost of revenues

Fiscal Years Ended (In millions, except percentages)	April 4 2014	March 29 2013	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Cost of product revenues	$ 571.9	$ 485.0	$ 86.9	17.9%
Cost of service revenues	419.4	363.2	56.2	15.5%
Total cost of revenues	$ 991.3	$ 848.2	$ 143.1	16.9%

Cost of revenues grew by $143.1 million due to a $86.9 million cost of product revenues increase and a $56.2 million cost of service revenues increase. The cost of product revenues increase was primarily due to increased revenues, causing an $88.6 million increase in cost of product revenues on a constant margin basis. This increase mainly related to growth in fixed satellite networks (driven by consumer broadband products), mobile broadband satellite communication systems, antenna systems products and satellite payload technology development programs in our commercial networks segment, but product sales also grew in our government systems segment from information assurance products, tactical data link products, and tactical satcom radio products (relating to our majority-owned subsidiary TrellisWare Technologies, Inc.). The cost of service revenues increase was primarily due to increased service revenues, generating an $88.1 million increase in cost of service revenues on a constant margin basis. This increase mainly related to our Exede broadband services in our satellite services segment. Additionally, as our Exede subscribers have continued to grow and related revenues scale, we have also experienced improved margins from our broadband services in our satellite services segment.

Selling, general and administrative expenses

Fiscal Years Ended (In millions, except percentages)	April 4 2014	March 29 2013	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Selling, general and administrative	$ 281.5	$ 240.9	$ 40.7	16.9%

The $40.7 million increase in selling, general and administrative (SG&A) expenses was primarily attributable to higher support costs of $33.7 million, higher selling costs of $4.4 million, and higher new business proposal costs of $2.6 million. Of the higher support costs, $23.1 million related to our satellite services segment (due to legal expense, approximately $18.4 million, focused on protecting and extending our technology advantages), $8.4 million to our commercial networks segment, and $2.2 million related to 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.

Independent research and development

Fiscal Years Ended (In millions, except percentages)	April 4 2014	March 29 2013	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Independent research and development	$ 60.7	$ 35.4	$ 25.3	71.3%

The $25.3 million increase in IR&D expenses reflected increased IR&D efforts in our commercial networks segment of $17.7 million (primarily due to next-generation consumer broadband and next-generation satellite communication systems) and in our government systems segment of $7.8 million (primarily due to development of next-generation dual-band mobility solutions and tactical satcom radio products).

Amortization of acquired intangible assets

We amortize our acquired intangible assets from prior acquisitions over their estimated useful lives ranging from three to ten years. The decrease in amortization of acquired intangible assets of approximately $1.0 million in fiscal year 2014 compared to last fiscal year was a result of acquired trade name intangibles in our satellite services segment becoming fully amortized over the preceding twelve months. Expected amortization expense for acquired intangible assets for each of the following periods is as follows:

(In thousands)	Amortization
Expected for fiscal year 2015	$ 14,668
Expected for fiscal year 2016	11,024
Expected for fiscal year 2017	4,669
Expected for fiscal year 2018	3,616
Expected for fiscal year 2019	1,142
Thereafter	278
	$ 35,397

Interest income

The slight decrease in interest income in fiscal year 2014 compared to fiscal year 2013 was primarily due to lower average invested cash balances during fiscal year 2014.

Interest expense

The decrease in interest expense year-over-year of approximately $6.1 million was primarily due to the refinancing, in October 2012, of our former $275.0 million in aggregate principal amount of 2016 Notes with the proceeds from the issuance of an additional $300.0 million in aggregate principal amount of 2020 Notes, which bear interest at a lower rate, coupled with an increase of $5.0 million in the amount of interest capitalized. Capitalized interest expense during fiscal year 2014 related to the commencement of construction of ViaSat-2 and other assets. This decrease was partially offset by interest expense on outstanding borrowings under our revolving credit facility (the Credit Facility) during fiscal year 2014. No borrowings were made under the Credit Facility during fiscal year 2013.

Benefit from income taxes

The effective income tax benefit in fiscal year 2014 reflected the tax benefit from the loss before income taxes and the benefit from federal and state research tax credits. Due to the December 31, 2013 expiration of the federal research tax credit, fiscal year 2014 only included nine months of the federal research tax credit. Fiscal year 2014 also included a benefit related to the valuation allowance release related primarily to state net operating loss carryforwards as a result of the combination of the merger of ViaSat Communications, Inc. into ViaSat and changes in the apportioned state tax rates. The effective income tax benefit in fiscal year 2013 reflected the tax benefit from the loss before income taxes and the benefit from federal and state research tax credits. Fiscal year 2013 included fifteen months of federal research tax credit as a result of the January 2013 reinstatement of the credit retroactively from January 1, 2012.

SEGMENT RESULTS FOR FISCAL YEAR 2014 COMPARED TO FISCAL YEAR 2013

Satellite services segment

Revenues

Fiscal Years Ended (In millions, except percentages)	April 4 2014	March 29 2013	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ —	$ 4.7	$ (4.7)	(99.1)%
Segment service revenues	390.7	272.3	118.4	43.5%
Total revenues	$ 390.7	$ 277.0	$ 113.7	41.1%

Our satellite services segment revenues grew by $113.7 million, primarily due to the increase in service revenues related to retail and wholesale broadband services. The revenue increase relating to our Exede and WildBlue broadband services was driven by a 25% increase in the number of subscribers, which grew from approximately 512,000 at March 29, 2013 to approximately 641,000 at April 4, 2014, as well as a change in the mix of retail and wholesale subscribers and related higher average revenue per subscriber.

Segment operating loss

Fiscal Years Ended (In millions, except percentages)	April 4 2014	March 29 2013	Dollar (Increase) Decrease	Percentage (Increase) Decrease
Segment operating loss	$ (46.0)	$ (79.2)	$ 33.2	41.9%
Percentage of segment revenues	(11.8)%	(28.6)%		

The $33.2 million reduction in operating loss for our satellite services segment was primarily due to $59.1 million in higher earnings contributions as our Exede broadband services subscriber base continued to grow, which resulted in increased revenues and improved margins, partially offset by $26.2 million in higher support and selling costs. These higher support and selling costs were mainly attributable to legal expense, approximately $18.4 million, focused on protecting and extending our technology advantages, as well as increased sales and marketing support costs as we continued to expand our consumer broadband subscriber base.

Commercial networks segment

Revenues

Fiscal Years Ended (In millions, except percentages)	April 4 2014	March 29 2013	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ 378.6	$ 295.5	$ 83.1	28.1%
Segment service revenues	16.9	19.5	(2.5)	(13.0)%
Total revenues	$ 395.5	$ 314.9	$ 80.6	25.6%

Our commercial networks segment revenues increased by $80.6 million, primarily due to the $83.1 million increase in product revenues. Of this product revenue increase, $55.6 million related to fixed satellite networks (driven by consumer broadband products), $18.8 million to mobile broadband satellite communication systems, $8.6 million to antenna systems products, and $6.7 million to satellite payload technology development programs. These increases were partially offset by a decrease in revenues for our satellite networking development programs of $7.6 million.

Segment operating loss

Fiscal Years Ended (In millions, except percentages)	April 4 2014	March 29 2013	Dollar (Increase) Decrease	Percentage (Increase) Decrease
Segment operating loss	$ (12.1)	$ (11.1)	$ (1.1)	(9.5)%
Percentage of segment revenues	(3.1)%	(3.5)%		

The $1.1 million increase in operating loss for our commercial networks segment was primarily due to higher IR&D costs of $17.7 million and higher support and new business proposal costs of $7.3 million, partially offset by $23.9 million in higher earnings contributions from increased revenues in our consumer broadband products, mobile broadband satellite communication systems, and antenna systems products.

Government systems segment

Revenues

Fiscal Years Ended (In millions, except percentages)	April 4 2014	March 29 2013	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ 407.1	$ 364.2	$ 42.9	11.8%
Segment service revenues	158.1	163.5	(5.4)	(3.3)%
Total revenues	$ 565.2	$ 527.8	$ 37.5	7.1%

Our government systems segment revenues grew by $37.5 million, due to an increase of $42.9 million in product revenues, partially offset by a $5.4 million decrease in service revenues. The increase in product revenues was primarily due to revenue increases of $24.9 million in information assurance products, $8.2 million in tactical data link products, $7.5 million in tactical satcom radio products, and $2.3 million in government satellite communication systems (mainly attributable to command and control situational awareness).

Segment operating profit

Fiscal Years Ended (In millions, except percentages)	April 4 2014	March 29 2013	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment operating profit	$ 76.0	$ 85.5	$ (9.4)	(11.0)%
Percentage of segment revenues	13.5%	16.2%		

The $9.4 million decrease in our government systems segment operating profit reflected higher IR&D costs of $7.8 million and higher selling, support and new business proposal costs of $7.2 million, offset by $5.6 million of higher earnings contributions (mainly from revenue growth in information assurance products and tactical data link products and services).

FISCAL YEAR 2013 COMPARED TO FISCAL YEAR 2012

Revenues

Fiscal Years Ended (In millions, except percentages)	March 29 2013	March 30 2012	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Product revenues	$ 664.4	$ 542.1	$ 122.4	22.6%
Service revenues	455.3	321.6	133.7	41.6%
Total revenues	$ 1,119.7	$ 863.6	$ 256.1	29.6%

Our total revenues increased approximately $256.1 million during fiscal year 2013 when compared to fiscal year 2012 due to an increase in both service and product revenues. The increase in service revenues of approximately $133.7 million was primarily driven by service revenue increases in our government systems segment of approximately $83.4 million and in our satellite services segment of approximately $52.6 million. The increase in product revenues of approximately $122.4 million was primarily derived from product revenue increases in our commercial networks segment of approximately $65.5 million and in our government systems segment of approximately $55.1 million.

Cost of revenues

Fiscal Years Ended (In millions, except percentages)	March 29 2013	March 30 2012	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Cost of product revenues	$ 485.0	$ 402.8	$ 82.2	20.4%
Cost of service revenues	363.2	233.2	130.0	55.7%
Total cost of revenues	$ 848.2	$ 636.0	$ 212.2	33.4%

Total cost of revenues increased $212.2 million during fiscal year 2013 when compared to fiscal year 2012 principally related to a cost of service revenues increase of approximately $130.0 million. Cost of service revenues increased from $233.2 million to $363.2 million during fiscal year 2013 when compared to fiscal year 2012 primarily due to an increase in service revenues, which caused an increase of approximately $97.0 million in cost of service revenues on a constant margin basis, mainly related to government satellite communications systems services in our government systems segment and our Exede broadband services in our satellite services segment. Additionally, in fiscal year 2013 we experienced an increase of cost of service revenues associated with our ViaSat-1 satellite, data center, billing system and costs in connection with our Exede broadband services, which commenced commercial operation in January 2012. Cost of product revenues increased from $402.8 million to $485.0 million during fiscal year 2013 when compared to fiscal year 2012 primarily due to increased product revenues, which caused an increase of approximately $90.9 million in cost of product revenues on a constant margin basis, mainly related to consumer broadband products in our commercial networks segment and government satellite communications systems in our government systems segment. This increase in cost of product revenues was partially offset by improved margins in our commercial networks segment mainly related to consumer broadband products.

Selling, general and administrative expenses

Fiscal Years Ended (In millions, except percentages)	March 29 2013	March 30 2012	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Selling, general and administrative	$ 240.9	$ 181.7	$ 59.1	32.5%

The increase in SG&A expenses of $59.1 million during fiscal year 2013 compared to fiscal year 2012 was primarily attributable to higher selling costs of $44.7 million, as well as higher support costs of $14.0 million. Of the higher selling costs, $40.9 million related to our satellite services segment as we continued to grow our consumer broadband subscriber base. These higher support costs consisted of $7.7 million related to our satellite services segment, $4.4 million related to our commercial networks segment, and $1.9 million related to 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.

Independent research and development

Fiscal Years Ended (In millions, except percentages)	March 29 2013	March 30 2012	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Independent research and development	$ 35.4	$ 25.0	$ 10.5	41.8%

The increase in IR&D expenses of approximately $10.5 million represents a year-over-year increase in our commercial networks segment of approximately $5.9 million (primarily due to next-generation consumer broadband and next-generation satellite communications systems development projects) and in our government systems segment of approximately $3.8 million (primarily due to advancement of integrated government satellite communications platforms).

Amortization of acquired intangible assets

We amortize our acquired intangible assets from prior acquisitions over their estimated useful lives ranging from three to ten years. The decrease in amortization of acquired intangible assets of approximately $3.1 million in fiscal year 2013 compared to the prior fiscal year was a result of certain acquired technology intangibles in our commercial networks segment becoming fully amortized over the preceding twelve months. Expected amortization expense for acquired intangible assets for each of the following periods is as follows:

(In thousands)	Amortization
Expected for fiscal year 2014	$ 13,747
Expected for fiscal year 2015	13,671
Expected for fiscal year 2016	10,161
Expected for fiscal year 2017	4,616
Expected for fiscal year 2018	3,597
Thereafter	1,378
	$ 47,170

Interest income

Interest income in fiscal year 2013 compared to fiscal year 2012 increased slightly as we experienced higher average invested cash balances, but slightly lower average interest rates on our investments during fiscal year 2013 compared to fiscal year 2012.

Interest expense

The increase in interest expense year-over-year of approximately $35.7 million was primarily due to lower capitalized interest and additional interest incurred on our initial 2020 Notes, which were issued in the fourth quarter of fiscal year 2012 (the Initial 2020 Notes). In fiscal year 2013, we capitalized approximately $3.1 million of interest associated with other assets currently under construction, compared to approximately $25.9 million in fiscal year 2012 associated with our ViaSat-1 satellite, related gateways and networking equipment, which were placed into service during the fourth quarter of fiscal year 2012.

Benefit from income taxes

The effective income tax benefit in fiscal year 2013 reflected the tax benefit from the loss before income taxes and the benefit from federal and state research tax credits. Fiscal year 2013 included fifteen months of federal research tax credit as a result of the January 2013 reinstatement of the credit retroactively from January 1, 2012. The effective income tax benefit in fiscal year 2012 reflected the tax benefit from the loss before income taxes and the benefit from federal and state research tax credits. Due to the December 31, 2011 expiration of the federal research tax credits, fiscal year 2012 only included nine months of the federal research tax credit.

SEGMENT RESULTS FOR FISCAL YEAR 2013 COMPARED TO FISCAL YEAR 2012

Satellite services segment

Revenues

Fiscal Years Ended (In millions, except percentages)	March 29 2013	March 30 2012	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ 4.7	$ 3.0	$ 1.7	57.3%
Segment service revenues	272.3	219.7	52.6	23.9%
Total revenues	$ 277.0	$ 222.7	$ 54.3	24.4%

The increase of approximately $54.3 million in our satellite services segment revenue in fiscal year 2013 compared to fiscal year 2012 was predominately from increased service revenues of approximately $52.6 million. This increase was comprised of a $48.5 million increase in retail and wholesale broadband services and a $4.1 million increase in mobile broadband services. The revenue increase relating to our Exede and WildBlue broadband services was primarily due to a 14% increase in the number of subscribers in fiscal year 2013 to approximately 512,000 compared to fiscal year 2012, as well as a change in the mix of retail and wholesale subscribers and related higher average revenue per subscriber.

Segment operating loss

Fiscal Years Ended (In millions, except percentages)	March 29 2013	March 30 2012	Dollar (Increase) Decrease	Percentage (Increase) Decrease
Segment operating loss	$ (79.2)	$ (16.8)	$ (62.4)	(371.5)%
Percentage of segment revenues	(28.6)%	(7.5)%		

Our satellite services segment incurred a $79.2 million loss in fiscal year 2013, which increased $62.4 million from fiscal year 2012. The fiscal year 2013 loss was primarily due to the start-up effects of higher operating expenses incurred associated with our ViaSat-1 satellite and related infrastructure, as commercial operation of our Exede broadband services commenced in January 2012 and the related subscriber base was in the early phases of growth. These higher operating expenses included additional depreciation of $34.7 million, and $61.5 million in additional costs related to satellite services operations support costs and selling, advertising and marketing costs as we continued to expand the subscriber base of our Exede broadband services.

Commercial networks segment

Revenues

Fiscal Years Ended (In millions, except percentages)	March 29 2013	March 30 2012	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ 295.5	$ 229.9	$ 65.5	28.5%
Segment service revenues	19.5	21.7	(2.3)	(10.4)%
Total revenues	$ 314.9	$ 251.7	$ 63.3	25.1%

Commercial networks segment revenue increased approximately $63.3 million in fiscal year 2013 compared to fiscal year 2012, due to an increase in product revenues of approximately $65.5 million, offset by a decrease in service revenues of approximately $2.3 million. The product revenue increase was comprised of a $77.8 million increase in fixed satellite networks (driven by consumer broadband products), a $6.0 million increase in satellite payload technology development programs and a $3.9 million increase in satellite networking development programs. This increase in product revenues was partially offset by decreases of $19.3 million in antenna systems products and $2.0 million in mobile broadband satellite communication systems.

Segment operating loss

Fiscal Years Ended (In millions, except percentages)	March 29 2013	March 30 2012	Dollar (Increase) Decrease	Percentage (Increase) Decrease
Segment operating loss	$ (11.1)	$ (13.0)	$ 1.9	14.6%
Percentage of segment revenues	(3.5)%	(5.2)%		

The reduction of our commercial networks segment operating loss in fiscal year 2013 compared to the prior fiscal year was primarily due to higher earnings contributions of approximately $13.1 million from increased revenues and improved margins in our consumer broadband products, partially offset by higher IR&D costs of $5.9 million and an increase in selling, support and new business proposal costs of $5.3 million.

Government systems segment

Revenues

Fiscal Years Ended (In millions, except percentages)	March 29 2013	March 30 2012	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ 364.2	$ 309.1	$ 55.1	17.8%
Segment service revenues	163.5	80.2	83.4	104.0%
Total revenues	$ 527.8	$ 389.3	$ 138.5	35.6%

Total revenues in our government systems segment increased approximately $138.5 million in fiscal year 2013 compared to the prior fiscal year due to an increase in service revenues of $83.4 million and an increase in product revenues of $55.1 million. The increase in service revenues was primarily due to a revenue increase of $86.4 million in government satellite communication systems services (mainly attributable to broadband networking services revenues for military customers and command and control situational awareness), offset by a decrease in information assurance services of $3.9 million. The increase in product revenues was primarily due to a revenue increase of $34.3 million in government satellite communication systems, $15.1 million in tactical data link products and $10.4 million in tactical satcom radio products, offset by a revenue decrease of $4.6 million in information assurance products.

Segment operating profit

Fiscal Years Ended (In millions, except percentages)	March 29 2013	March 30 2012	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment operating profit	$ 85.5	$ 50.7	$ 34.8	68.6%
Percentage of segment revenues	16.2%	13.0%		

The increase in our government systems segment operating profit of $34.8 million during fiscal year 2013 compared to fiscal year 2012 was primarily due to higher earnings contributions of approximately $43.9 million mainly in our government satellite communication systems, offset by higher selling, support and new business proposal costs of approximately $5.4 million, and higher IR&D costs of $3.8 million.

BACKLOG

As reflected in the table below, our overall firm and funded backlog increased during fiscal year 2014, primarily due to an increase in new contract awards in our satellite services segment. However, on a segment basis, firm and funded backlog decreased in our government systems and commercial networks segments during fiscal year 2014. The decrease in firm and funded backlog in our government systems segment reflects lumpiness in timing of awards. Within our commercial networks segment the decrease in firm and funded backlog reflects higher new contract awards in fiscal year 2013 and the attainment of contractual milestones in existing awards.

(In millions)	As of April 4 2014	As of March 29 2013
FIRM BACKLOG		
Satellite Services segment	$ 160.2	$ 24.7
Commercial Networks segment	457.4	472.1
Government Systems segment	281.9	355.1
Total	$ 899.5	$ 851.9
FUNDED BACKLOG		
Satellite Services segment	$ 160.2	$ 24.7
Commercial Networks segment	457.4	472.1
Government Systems segment	235.0	345.7
Total	$ 852.6	$ 842.5

The firm backlog does not include contract options. Of the $899.5 million in firm backlog, $451.6 million is expected to be delivered in fiscal year 2015, and the balance is expected to be delivered in fiscal year 2016 and thereafter. We include in our backlog only those orders for which we have accepted purchase orders.

Our total new awards were $1,425.9 million, $1,373.4 million and $1,008.6 million for fiscal years 2014, 2013 and 2012, respectively. New contract awards in fiscal year 2014 were a record for us.

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

Firm backlog amounts are comprised of funded and unfunded components. Funded backlog represents the sum of contract amounts for which funds have been specifically obligated by customers to contracts. Unfunded backlog represents future amounts that customers may obligate over the specified contract performance periods. Our customers allocate funds for expenditures on long-term contracts on a periodic basis. Our ability to realize revenues from contracts in backlog is dependent upon adequate funding for such contracts. Although we do not control the funding of our contracts, our experience indicates that actual contract 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. At April 4, 2014, we had $58.3 million in cash and cash equivalents, $256.8 million in working capital and $105.0 million in outstanding borrowings under our Credit Facility. At March 29, 2013, we had $105.7 million in cash and cash equivalents, $297.7 million in working capital and no outstanding borrowings under our Credit Facility. We invest our cash in excess of current operating requirements in short-term, interest-bearing, investment-grade securities.

Our future capital requirements will depend upon many factors, including the timing and amount of cash required for our ViaSat-2 satellite project and any 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 or additional financing.

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

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 2013, we filed a universal shelf registration statement with the Securities and Exchange Commission (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. 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.

Cash flows

Cash provided by operating activities for fiscal year 2014 was $205.1 million compared to cash provided by operating activities of $91.8 million for fiscal year 2013. This $113.3 million increase was primarily driven by our operating results (net loss adjusted for depreciation, amortization and other non-cash charges) which generated $106.8 million of higher cash inflows, coupled with a $13.6 million year-over-year decrease in cash used to fund net operating assets needs. The decrease in cash used to fund net operating assets during fiscal year 2014 when compared to fiscal year 2013 was partially due to an increase in cash from the collection of billed accounts receivable in our government systems segment, offset partially by an increase in cash used for inventory in our commercial networks segment. Cash provided by operating activities for fiscal year 2013 included a $7.1 million net cash inflow related to our refinancing of the 2016 Notes.

Cash used in investing activities for fiscal year 2014 was $354.5 million compared to cash used in investing activities in fiscal year 2013 of $201.6 million. The increase in cash used in investing activities reflected $119.2 million in cash used during fiscal year 2014 for the construction of our ViaSat-2 satellite, as well as a $23.7 million increase in capital expenditures year-over-year for other general purpose equipment.

Cash provided by financing activities for fiscal year 2014 was $101.8 million compared to cash provided by financing activities of $42.9 million for fiscal year 2013. This $58.9 million increase in cash provided by financing activities was primarily related to the $105.0 million in net proceeds from borrowings under our Credit Facility, offset by debt issuance costs of $2.5 million during fiscal year 2014, compared to no borrowings in the prior year period. Cash provided by financing activities for fiscal year 2013 reflected the issuance of $300.0 million

in aggregate principal amount of additional 2020 Notes, offset by the repurchase and redemption of all of our $275.0 million in aggregate principal amount of 2016 Notes and debt issuance costs of $8.1 million. Cash provided by financing activities for both periods included cash received from stock option exercises and employee stock purchase plan purchases, and cash used for the repurchase of common stock related to net share settlement of certain employee tax liabilities in connection with the vesting of restricted stock unit awards.

Comparing fiscal year 2013 cash flow to fiscal year 2012, the $49.7 million decrease in cash provided by operating activities was primarily driven by our operating results (net loss adjusted for depreciation, amortization and other non-cash charges) which generated $32.8 million of higher cash outflows, coupled with a $24.0 million year-over-year increase in cash used to fund net operating assets needs, offset by a $7.1 million net cash inflow related to our refinancing of the 2016 Notes. The decrease in cash used in investing activities resulted primarily from a reduction of $63.2 million in cash payments for the ViaSat-1 satellite, placed in service in January 2012, and a reduction of $37.5 million in cash used for the related ViaSat-1 ground network and operating systems, offset by $72.1 million in higher capital expenditures for new CPE units and other general purpose equipment. Cash provided by financing activities for fiscal year 2013 reflected the issuance in October 2012 of $300.0 million in aggregate principal amount of 2020 Notes, partially offset by the repurchase and redemption of all of our $275.0 million in aggregate principal amount of 2016 Notes and $8.1 million in debt issuance costs. Cash provided by financing activities for fiscal year 2012 reflected the issuance in February 2012 of $275.0 million in aggregate principal amount of 2020 Notes.

Satellite service-related activities

In May 2013, we entered into an agreement to purchase ViaSat-2, our second high-capacity Ka-band satellite, from The Boeing Company (Boeing) at a price of approximately $358.0 million, plus an additional amount for launch support services to be performed by Boeing. The projected total cost of the ViaSat-2 project, including the satellite, launch, insurance and related gateway infrastructure, through satellite launch is estimated to be between $600.0 million to $650.0 million, and will depend on the timing of the gateway infrastructure roll-out. Our total required cash funding may be reduced through various third party agreements, including potential joint service offerings and other strategic partnering arrangements. We believe we have adequate sources of funding for the project, which include our cash on hand, available borrowing capacity and the cash we expect to generate from operations over the next few years.

We have incurred higher operating costs in connection with the late fiscal year 2012 launch and roll-out of our ViaSat-1 satellite and related ground infrastructure and our Exede broadband services, as well as higher interest expense as we capitalized a lower amount of the interest expense on our outstanding debt in fiscal year 2014 as we were in the early stages of construction of ViaSat-2, our second high-capacity Ka-band satellite. These operating costs included costs associated with depreciation, gateway connectivity, subscriber acquisition costs, logistics, customer care and various support systems. These additional operating costs attributed to our Exede service commencement have negatively impacted income from operations during recent fiscal years. However, as the total number of subscribers of our Exede broadband services increased, the resultant increase in service revenues in our satellite services segment has improved income (loss) from operations for that segment over time, despite the additional litigation expense we have incurred to protect our proprietary technology. Nonetheless, there can be no assurance that the number of subscribers of our Exede broadband services and service revenues in our satellite services segment will continue to increase. We also expect to continue to invest in subscriber acquisition costs during fiscal year 2015 as we further expand our subscriber base as well as make additional investments for the construction of ViaSat-2.

Credit Facility

As of April 4, 2014, the Credit Facility provided a $500.0 million revolving line of credit (including up to $150.0 million of letters of credit) with a maturity date of November 26, 2018. We entered into the Credit Facility in November 2013 to replace our former $325.0 million revolving credit facility. Borrowings under the Credit Facility bear interest, at our option, at either (1) the highest of the Federal Funds rate plus 0.50%, the Eurodollar rate plus 1.00%, or the administrative agent's prime rate as announced from time to time, or (2) the Eurodollar rate, plus, in the case of each of (1) and (2), an applicable margin that is based on our total leverage ratio. At April 4, 2014, the weighted average effective interest rate on our outstanding borrowings under the Credit Facility was 2.41%. The Credit Facility is required to be guaranteed by certain significant domestic subsidiaries of ViaSat (as defined in the Credit Facility) and secured by substantially all of our assets. As of April 4, 2014, none of our subsidiaries guaranteed the Credit Facility.

The Credit Facility contains financial covenants regarding a maximum total 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.

At April 4, 2014, we had $105.0 million in principal amount of outstanding borrowings under the Credit Facility and $39.5 million outstanding under standby letters of credit, leaving borrowing availability under the Credit Facility as of April 4, 2014 of $355.5 million.

Senior Notes

Senior Notes due 2020

In February 2012, we issued $275.0 million in principal amount of 2020 Notes in a private placement to institutional buyers, which were exchanged in August 2012 for substantially identical 2020 Notes that had been registered with the SEC. These initial 2020 Notes were issued at face value and are recorded as long-term debt in our consolidated financial statements. On October 12, 2012, we issued an additional $300.0 million in principal amount of 2020 Notes in a private placement to institutional buyers at an issue price of 103.50% of the principal amount, which were exchanged in January 2013 for substantially identical 2020 Notes that had been registered with the SEC. The 2020 Notes are all treated as a single class. The 2020 Notes bear interest at the rate of 6.875% per year, payable semi-annually in cash in arrears, which interest payments commenced in June 2012. Debt issuance costs associated with the issuance of the 2020 Notes are amortized to interest expense on a straight-line basis over the term of the 2020 Notes, the results of which are not materially different from the effective interest rate basis. The $10.5 million premium we received in connection with the issuance of the additional 2020 Notes is recorded as long-term debt in our consolidated financial statements and is being amortized as a reduction to interest expense on an effective interest rate basis over the term of those 2020 Notes.

The 2020 Notes are required to be guaranteed on an unsecured senior basis by each of our existing and future subsidiaries that guarantees the Credit Facility. During the second quarter of fiscal year 2014, the last remaining subsidiary guarantor, ViaSat Communications, Inc., was merged into ViaSat. Accordingly, as of April 4, 2014, none of our subsidiaries guaranteed the 2020 Notes. The 2020 Notes are our general senior unsecured obligations and rank equally in right of payment with all of our existing and future unsecured unsubordinated debt. The 2020 Notes are effectively junior in right of payment to our existing and future secured debt, including under the Credit 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 do not guarantee the 2020 Notes, and are senior in right of payment to all of our existing and future subordinated indebtedness.

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

Prior to June 15, 2015, we may redeem up to 35% of the 2020 Notes at a redemption price of 106.875% 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 2020 Notes prior to June 15, 2016, 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 2020 Notes and (ii) the excess, if any, of (a) the present value at such date of redemption of (1) the redemption price of such 2020 Notes on June 15, 2016 plus (2) all required interest payments due on such 2020 Notes through June 15, 2016 (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 2020 Notes. The 2020 Notes may be redeemed, in whole or in part, at any time during the twelve months beginning on June 15, 2016 at a redemption price of 103.438%, during the twelve months beginning on June 15, 2017 at a redemption price of 101.719%, and at any time on or after June 15, 2018 at a redemption price of 100%, in each case plus accrued and unpaid interest, if any, thereon to the redemption date.

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

Discharge of Indenture and Loss on Extinguishment of Debt

In connection with our issuance of the additional $300.0 million of 2020 Notes issued in October 2012, we repurchased and redeemed all of our $275.0 million in aggregate principal amount of 2016 Notes then outstanding through a cash tender offer and redemption, and the indenture governing the 2016 Notes was satisfied and discharged in accordance with its terms. As a result of the repurchase and redemption of the 2016 Notes, we recognized a $26.5 million loss on extinguishment of debt during fiscal year 2013, which was comprised of $19.8 million in cash payments (including tender offer consideration, consent payments, redemption premium and related professional fees), and $6.7 million in non-cash charges (including unamortized discount and unamortized debt issuance costs).

CONTRACTUAL OBLIGATIONS

The following table sets forth a summary of our obligations at April 4, 2014:

		For the Fiscal Years Ending			
(In thousands, including interest where applicable)	**Total**	**2015**	**2016–2017**	**2018–2019**	**Thereafter**
Operating leases and satellite capacity agreements	$ 188,572	$ 61,530	$ 48,951	$ 30,620	$ 47,471
2020 Notes	831,953	39,531	79,063	79,063	634,296
Line of credit*	116,907	2,559	5,117	109,231	—
Satellite performance incentives	35,904	1,861	4,140	4,723	25,180
Purchase commitments including satellite-related agreements	618,440	354,009	216,109	23,416	24,906
Other	2,756	1,856	600	300	—
Total	$ 1,794,532	$ 461,346	$ 353,980	$ 247,353	$ 731,853

*To the extent that the interest rate is variable and ultimate amounts borrowed under the Credit Facility may fluctuate, amounts reflected represent estimated interest payments on our current outstanding balances based on the weighted average effective interest rate at April 4, 2014 until the date of the revolving line of credit maturity in the principle repayment on November 2018.

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 of our ViaSat-2 satellite, and operations of our satellites. In certain instances, these agreements allow us the option to cancel, reschedule and adjust our requirements based on our business needs prior to firm orders being placed. Consequently, only a portion of our reported purchase commitments arising from these agreements are firm, non-cancelable and unconditional commitments. See "Liquidity and Capital Resources — Satellite service-related activities."

Our consolidated balance sheets included $48.9 million and $52.6 million of "other liabilities" as of April 4, 2014 and March 29, 2013, respectively, which primarily consisted of the long-term portion of our satellite performance incentives obligation, our long-term warranty obligations, the long-term portion of deferred rent, long-term portion of deferred revenue, long-term deferred income taxes and long-term unrecognized tax position liabilities. With the exception of the long-term portion of our satellite performance incentives obligation, these remaining liabilities have been excluded from the above table as the timing and/or the amount of any cash payment is uncertain. See Note 8 to our consolidated financial statements for additional information regarding our income taxes and related tax positions and Note 12 to our consolidated financial statements for a discussion of our product warranties.

OFF-BALANCE SHEET ARRANGEMENTS

We had no material off-balance sheet arrangements at April 4, 2014 as defined in Regulation S-K Item 303(a)(4) other than as discussed under Contractual Obligations above or disclosed in the notes to our consolidated financial statements included in this Annual Report.

RECENT AUTHORITATIVE GUIDANCE

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

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

INTEREST RATE RISK

Our financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, short-term and long-term obligations, including the Credit Facility and the 2020 Notes, and foreign currency forward contracts. We consider investments in highly liquid instruments purchased with a remaining maturity of three months or less at the date of purchase to be cash equivalents. As of April 4, 2014, we had $105.0 million in principal amount of outstanding borrowings under our Credit Facility and $575.0 million in aggregate principal amount outstanding of the 2020 Notes, and we held no short-term investments. Our 2020 Notes bear interest at a fixed rate and therefore 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.

The primary objective of our investment activities is to preserve principal while at the same time maximizing the income we receive from our investments without significantly increasing risk. To minimize this risk, we maintain a significant portion of our cash balance in money market funds. In general, money market funds are not subject to interest rate risk because the interest paid on such funds fluctuates with the prevailing interest rate. Our cash and cash equivalents earn interest at variable rates. Our interest income has been and may continue to be negatively impacted by low market interest rates. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. If the underlying weighted average interest rate on our cash and cash equivalents, assuming balances remain constant over a year, changed by 50 basis points, interest income would have increased or decreased by approximately $0.1 million and $0.4 million for the fiscal years ended April 4, 2014 and March 29, 2013, respectively. 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 April 4, 2014, we had $105.0 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 our total leverage ratio. At April 4, 2014, the weighted average effective interest rate on our outstanding borrowings under the Credit Facility was 2.41%. 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, by approximately $0.5 million over a twelve-month period.

FOREIGN EXCHANGE RISK

We generally conduct our business in U.S. dollars. However, as our international business is conducted in a variety of foreign currencies, we are exposed to fluctuations in foreign currency exchange rates. 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 April 4, 2014, 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 $3.3 million had a fair value of less than $0.1 million and were recorded in other current assets as of April 4, 2014. If the foreign currency forward rate for the Euro to the U.S. dollar on these foreign currency forward contracts had changed by 10%, the fair value of these foreign currency forward contracts as of April 4, 2014 would have changed by approximately $0.3 million.

SUMMARIZED QUARTERLY DATA (UNAUDITED)

The following financial information reflects all normal recurring adjustments which are, in the opinion of management, necessary for the fair statement of the results for the interim periods. Summarized quarterly data for fiscal years 2014 and 2013 are as follows:

(In thousands, except per share data)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2014				
Total revenues	$ 321,102	$ 353,881	$ 332,555	$ 343,924
Income (loss) from operations	3,424	(510)	1,524	(1,139)
Net (loss) income	(1,487)	2,281	(5,960)	(3,491)
Net (loss) income attributable to ViaSat, Inc.	(1,834)	1,897	(5,993)	(3,516)
Basic net (loss) income per share	(0.04)	0.04	(0.13)	(0.08)
Diluted net (loss) income per share	(0.04)	0.04	(0.13)	(0.08)
2013				
Total revenues	$ 241,763	$ 282,822	$ 286,442	$ 308,663
(Loss) income from operations	(13,789)	(859)	1,266	(6,980)
Net (loss) income	(14,433)	(7,857)	(20,614)	2,275
Net (loss) income attributable to ViaSat, Inc.	(14,420)	(7,907)	(20,776)	1,931
Basic net (loss) income per share	(0.33)	(0.18)	(0.47)	0.04
Diluted net (loss) income per share	(0.33)	(0.18)	(0.47)	0.04

Summarized quarterly data for the third quarter of fiscal year 2013 reflects a $26.5 million loss on extinguishment of debt. Refer to Note 5 to the consolidated financial statements for discussion of the refinancing of the 2016 Notes and associated loss on extinguishment of debt.

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

CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

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

As required by SEC Rule 13a-15(b), we carried out an evaluation, with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of April 4, 2014, the end of the period covered by this Annual 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 April 4, 2014.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The company's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of the company's management, including our Chief Executive Officer and Chief Financial Officer, the company conducted an evaluation of the effectiveness of its internal control over financial reporting based on criteria established in the framework in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the company's management concluded that its internal control over financial reporting was effective as of April 4, 2014.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The company's independent registered public accounting firm has audited the effectiveness of the company's internal control over financial reporting as of April 4, 2014, as stated in their report which appears on page 50.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes. During the quarter ended April 4, 2014, 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.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations and comprehensive income (loss), cash flows and equity present fairly, in all material respects, the financial position of ViaSat, Inc. and its subsidiaries at April 4, 2014 and March 29, 2013, and the results of their operations and their cash flows for each of the three years in the period ended April 4, 2014 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule on page 86 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of April 4, 2014, based on criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP

San Diego, California

May 23, 2014

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)	As of April 4 2014	As of March 29 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 58,347	$ 105,738
Accounts receivable, net	271,891	266,970
Inventories	119,601	106,281
Deferred income taxes	37,712	25,065
Prepaid expenses and other current assets	44,070	40,819
Total current assets	531,621	544,873
Satellites, net	630,836	535,090
Property and equipment, net	421,666	378,691
Other acquired intangible assets, net	35,397	47,170
Goodwill	83,627	83,000
Other assets	256,968	205,248
Total assets	$ 1,960,115	$ 1,794,072
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 98,852	$ 83,009
Accrued liabilities	174,118	161,909
Current portion of other long-term debt	1,856	2,230
Total current liabilities	274,826	247,148
Senior notes, net	583,861	584,993
Other long-term debt	105,900	1,456
Other liabilities	48,893	52,640
Total liabilities	1,013,480	886,237
Commitments and contingencies (Notes 10 and 11)		
Equity:		
ViaSat, Inc. stockholders' equity		
Series A, convertible preferred stock, $.0001 par value; 5,000,000 shares authorized; no shares issued and outstanding at April 4, 2014 and March 29, 2013, respectively	—	—
Common stock, $.0001 par value, 100,000,000 shares authorized; 46,229,259 and 44,974,186 shares outstanding at April 4, 2014 and March 29, 2013, respectively	5	4
Paid-in capital	776,452	715,115
Retained earnings	211,600	221,046
Common stock held in treasury, at cost, 1,190,572 and 947,607 shares at April 4, 2014 and March 29, 2013, respectively	(49,358)	(33,770)
Accumulated other comprehensive income	2,313	606
Total ViaSat, Inc. stockholders' equity	941,012	903,001
Noncontrolling interest in subsidiary	5,623	4,834
Total equity	946,635	907,835
Total liabilities and equity	$ 1,960,115	$ 1,794,072

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

Fiscal Years Ended (In thousands, except share data)	April 4 2014	March 29 2013	March 30 2012
Revenues:			
Product revenues	$ 785,738	$ 664,417	$ 542,064
Service revenues	565,724	455,273	321,563
Total revenues	1,351,462	1,119,690	863,627
Operating expenses:			
Cost of product revenues	571,855	484,973	402,794
Cost of service revenues	419,425	363,188	233,187
Selling, general and administrative	281,533	240,859	181,728
Independent research and development	60,736	35,448	24,992
Amortization of acquired intangible assets	14,614	15,584	18,732
Income (loss) from operations	3,299	(20,362)	2,194
Other income (expense):			
Interest income	35	173	60
Interest expense	(37,938)	(43,993)	(8,307)
Loss on extinguishment of debt	—	(26,501)	—
Loss before income taxes	(34,604)	(90,683)	(6,053)
Benefit from income taxes	(25,947)	(50,054)	(13,651)
Net (loss) income	(8,657)	(40,629)	7,598
Less: Net income attributable to the noncontrolling interest, net of tax	789	543	102
Net (loss) income attributable to ViaSat, Inc.	$ (9,446)	$ (41,172)	$ 7,496
Net (loss) income per share attributable to ViaSat, Inc. common stockholders:			
Basic net (loss) income per share attributable to ViaSat, Inc. common stockholders	$ (0.21)	$ (0.94)	$ 0.18
Diluted net (loss) income per share attributable to ViaSat, Inc. common stockholders	$ (0.21)	$ (0.94)	$ 0.17
Shares used in computing basic net (loss) income per share	45,744	43,931	42,325
Shares used in computing diluted net (loss) income per share	45,744	43,931	44,226
Comprehensive (loss) income:			
Net (loss) income	$ (8,657)	$ (40,629)	$ 7,598
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on hedging, net of tax	219	76	(452)
Foreign currency translation adjustments, net of tax	1,488	(909)	(386)
Other comprehensive income (loss), net of tax	1,707	(833)	(838)
Comprehensive (loss) income	(6,950)	(41,462)	6,760
Less: comprehensive income attributable to the noncontrolling interest, net of tax	789	543	102
Comprehensive (loss) income attributable to ViaSat, Inc.	$ (7,739)	$ (42,005)	$ 6,658

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal Years Ended (In thousands)	April 4 2014	March 29 2013	March 30 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) income	$ (8,657)	$ (40,629)	$ 7,598
ADJUSTMENTS TO RECONCILE NET (LOSS) INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Depreciation	159,089	134,133	101,507
Amortization of intangible assets	25,975	23,038	24,004
Deferred income taxes	(27,182)	(50,728)	(13,330)
Stock-based compensation expense	33,639	27,035	21,382
Loss on disposition of fixed assets	33,752	12,109	5,814
Non-cash loss on extinguishment of debt	—	6,726	—
Repayment of discount on the 2016 Notes	—	(3,418)	—
Receipt of premium on the Additional 2020 Notes	—	10,500	—
Other non-cash adjustments	6,153	4,301	1,793
Increase (decrease) in cash resulting from changes in operating assets and liabilities, net of effects of acquisition:			
Accounts receivable	(9,219)	(57,124)	(21,026)
Inventories	(11,422)	21,233	(25,271)
Other assets	(6,561)	(15,471)	(9,266)
Accounts payable	(7,404)	4,564	7,679
Accrued liabilities	17,730	9,406	33,280
Other liabilities	(753)	6,123	7,285
Net cash provided by operating activities	205,140	91,798	141,449
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, equipment and satellites, net	(307,625)	(176,295)	(204,973)
Cash paid for patents, licenses and other assets	(44,461)	(25,270)	(24,049)
Payments related to acquisition of businesses, net of cash acquired	(2,400)	—	—
Net cash used in investing activities	(354,486)	(201,565)	(229,022)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from revolving credit facility borrowings	295,000	—	130,000
Payments of revolving credit facility borrowings	(190,000)	—	(190,000)
Proceeds from issuance of 2020 Notes	—	300,000	275,000
Repayment of 2016 Notes	—	(271,582)	—
Payment of debt issuance costs	(2,512)	(8,059)	(5,706)
Proceeds from issuance of common stock under equity plans	18,617	31,001	19,341
Purchase of common stock in treasury	(15,588)	(8,412)	(7,451)
Other	(3,690)	—	(1,386)
Net cash provided by financing activities	101,827	42,948	219,798
Effect of exchange rate changes on cash	128	(26)	(132)
Net (decrease) increase in cash and cash equivalents	(47,391)	(66,845)	132,093
Cash and cash equivalents at beginning of fiscal year	105,738	172,583	40,490
Cash and cash equivalents at end of fiscal year	$ 58,347	$ 105,738	$ 172,583
SUPPLEMENTAL INFORMATION			
Cash paid for interest (net of amounts capitalized)	$ 34,446	$ 32,004	$ 5,964
Cash paid (received) for income taxes, net	$ 1,185	$ 931	$ (3,966)
NON-CASH INVESTING AND FINANCING ACTIVITIES			
Issuance of stock in satisfaction of certain accrued employee compensation liabilities	$ 8,018	$ 7,060	$ 6,340
Capital expenditures not paid for	$ 30,237	$ 747	$ 26,102

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF EQUITY

	Common Stock	
(In thousands, except share data)	Number of Shares Issued	Amount
Balance at April 1, 2011	42,225,130	$ 4
Exercise of stock options	795,634	—
Issuance of stock under Employee Stock Purchase Plan	126,302	—
Stock-based compensation	—	—
Shares issued in settlement of certain accrued employee compensation liabilities	156,825	—
RSU awards vesting	472,311	—
Purchase of treasury shares pursuant to vesting of certain RSU agreements	—	—
Net income	—	—
Other comprehensive loss, net of tax	—	—
Balance at March 30, 2012	43,776,202	$ 4
Exercise of stock options	1,178,573	—
Issuance of stock under Employee Stock Purchase Plan	157,636	—
Stock-based compensation	—	—
Shares issued in settlement of certain accrued employee compensation liabilities	197,149	—
RSU awards vesting	612,233	—
Purchase of treasury shares pursuant to vesting of certain RSU agreements	—	—
Other noncontrolling interest activity	—	—
Net (loss) income	—	—
Other comprehensive loss, net of tax	—	—
Balance at March 29, 2013	45,921,793	$ 4
Exercise of stock option	592,971	1
Issuance of stock under Employee Stock Purchase Plan	137,921	—
Stock-based compensation	—	—
Shares issued in settlement of certain accrued employee compensation liabilities	113,126	—
RSU awards vesting	654,020	—
Purchase of treasury shares pursuant to vesting of certain RSU agreements	—	—
Net (loss) income	—	—
Other comprehensive income, net of tax	—	—
Balance at April 4, 2014	47,419,831	$ 5

See accompanying notes to the consolidated financial statements.

ViaSat, Inc. Stockholders						
		Common Stock Held in Treasury				
Paid-in Capital	Retained Earnings	Number of Shares	Amount	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Subsidiary	Total
$ 601,029	$ 254,722	(560,363)	$ (17,907)	$ 2,277	$ 4,116	$ 844,241
14,681	—	—	—	—	—	14,681
4,660	—	—	—	—	—	4,660
22,962	—	—	—	—	—	22,962
6,340	—	—	—	—	—	6,340
—	—	—	—	—	—	—
—	—	(167,311)	(7,451)	—	—	(7,451)
—	7,496	—	—	—	102	7,598
—	—	—	—	(838)	—	(838)
$ 649,672	$ 262,218	(727,674)	$ (25,358)	$ 1,439	$ 4,218	$ 892,193
25,915	—	—	—	—	—	25,915
5,086	—	—	—	—	—	5,086
27,382	—	—	—	—	—	27,382
7,060	—	—	—	—	—	7,060
—	—	—	—	—	—	—
—	—	(219,933)	(8,412)	—	—	(8,412)
—	—	—	—	—	73	73
—	(41,172)	—	—	—	543	(40,629)
—	—	—	—	(833)	—	(833)
$ 715,115	$ 221,046	(947,607)	$ (33,770)	$ 606	$ 4,834	$ 907,835
12,910	—	—	—	—	—	12,911
5,706	—	—	—	—	—	5,706
34,703	—	—	—	—	—	34,703
8,018	—	—	—	—	—	8,018
—	—	—	—	—	—	—
—	—	(242,965)	(15,588)	—	—	(15,588)
—	(9,446)	—	—	—	789	(8,657)
—	—	—	—	1,707	—	1,707
$ 776,452	$ 211,600	(1,190,572)	$ (49,358)	$ 2,313	$ 5,623	$ 946,635

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 THE COMPANY AND A SUMMARY OF ITS SIGNIFICANT ACCOUNTING POLICIES

The Company

ViaSat, Inc. (also referred to hereafter as the "Company" or "ViaSat") is a leading provider of high-speed fixed and mobile broadband services, advanced satellite and other wireless networks and secure networking systems, products and services.

Principles of consolidation

The Company's consolidated financial statements include the assets, liabilities and results of operations of ViaSat, its wholly owned subsidiaries and 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 2014 refer to the fiscal year ended April 4, 2014. The Company's quarters for fiscal year 2014 ended on June 28, 2013, October 4, 2013, January 3, 2014 and April 4, 2014. This results in a 53 week fiscal year approximately every four to five years. Fiscal year 2014 was a 53 week year, compared with a 52 week year in fiscal years 2013 and 2012. As a result of the shift in the fiscal calendar, the second quarter of fiscal year 2014 included an additional week. The Company does not believe that the extra week results in any material impact on its financial results.

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

During the first quarter of fiscal year 2014, the Company completed the acquisition of LonoCloud, Inc. (LonoCloud), an early-stage privately held company. The purchase price of approximately $2.4 million was primarily allocated to acquired technology intangible assets. This acquisition was accounted for as a purchase and, accordingly, the consolidated financial statements include the operating results of LonoCloud from the date of acquisition.

Management estimates and assumptions

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

Cash equivalents

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

Accounts receivable, unbilled accounts receivable and allowance for doubtful accounts

The Company records receivables at net realizable value including an allowance for estimated uncollectible accounts. The allowance for doubtful accounts is based on the Company's assessment of the collectability of customer accounts. The Company regularly reviews the allowance by considering factors such as historical experience, credit quality, the age of accounts receivable balances and current economic conditions that may affect a customer's ability to pay. Amounts determined to be uncollectible are charged or written off against the reserve. Historically, the Company's allowance for doubtful accounts has been minimal primarily because a significant portion of its sales has been to the U.S. government or with respect to its satellite services commercial business, the Company bills and collects in advance.

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

Concentration of risk

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

Revenues from the U.S. government as a customer comprised 21.2%, 24.1% and 19.9% of total revenues for fiscal years 2014, 2013 and 2012, respectively. Billed accounts receivable to the U.S. government as of April 4, 2014 and March 29, 2013 were 22.3% and 37.9%, respectively, of total billed receivables. In addition, none of the Company's commercial customers comprised 10.0% or more of total revenues for fiscal years 2014, 2013 and 2012. The Company's five largest contracts generated approximately 26.4%, 24.0% and 19.6% of the Company's total revenues for the fiscal years ended April 4, 2014, March 29, 2013 and March 30, 2012, respectively.

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

Inventory

Inventory is valued at the lower of cost or market, cost being determined by the weighted average cost method.

Property, equipment and satellites

Satellites and other property and equipment are recorded at cost or, in the case of certain satellites and other property acquired, the fair value at the date of acquisition, net of accumulated depreciation. Capitalized satellite costs consist primarily of the costs of satellite construction and launch, including launch insurance and insurance during the period of in-orbit testing, the net present value of performance incentives expected to be payable to satellite manufacturers (dependent on the continued satisfactory performance of the satellites), costs directly associated with the monitoring and support of satellite construction, and interest costs incurred during the period of satellite construction. The Company also constructs gateway facilities, network operations systems and other assets to support its satellites, and those construction costs, including interest, are capitalized as incurred. At the time satellites are placed in service, the Company estimates the useful life of its satellites for depreciation purposes based upon an analysis of each satellite's performance against the original manufacturer's orbital design life, estimated fuel levels and related consumption rates, as well as historical satellite operating trends. 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. Costs incurred for additions to property, equipment and satellites, together with major renewals and betterments, are capitalized and depreciated over the remaining life of the underlying asset. Costs incurred for maintenance, repairs and minor renewals and betterments are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts and any resulting gain or loss is recognized in operations.

Interest expense is capitalized on the carrying value of assets under construction, in accordance with the authoritative guidance for the capitalization of interest (Accounting Standards Codification (ASC) 835-20). With respect to assets under construction, including the ViaSat-2 satellite which commenced construction during the first quarter of fiscal year 2014 and ViaSat-1 satellite which was placed into service during the fourth quarter of fiscal year 2012, the Company capitalized $8.1 million, $3.1 million, and $25.9 million of interest expense during the fiscal years ended April 4, 2014, March 29, 2013 and March 30, 2012, respectively.

The Company owns two satellites: ViaSat-1 (its first high-capacity Ka-band spot-beam satellite, which was placed into service in January 2012) and WildBlue-1 (which was placed into service in March 2007). During the first quarter of fiscal year 2014, the Company entered into a satellite construction contract for ViaSat-2, its second high-capacity Ka-band satellite. In addition, the Company has an exclusive prepaid lifetime capital lease of Ka-band capacity over the contiguous United States on Telesat Canada's Anik F2 satellite (which was placed into service in April 2005) and owns related gateway and networking equipment for all of its satellites. The Company periodically reviews the remaining estimated useful life of its satellites to determine if revisions to estimated lives are necessary. The Company procures indoor and outdoor customer premise equipment (CPE) units leased to subscribers under a retail leasing program as part of the Company's satellite services segment, which are reflected in investing activities and property and equipment in the accompanying consolidated

financial statements. The Company depreciates the satellites, 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 April 4, 2014 were $221.0 million and $79.8 million, respectively. The total cost and accumulated depreciation of CPE units included in property and equipment, net, as of March 29, 2013 were $170.9 million and $51.5 million, respectively.

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

Goodwill and intangible assets

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

Patents, orbital slots and other licenses

The Company capitalizes the costs of obtaining or acquiring patents, orbital slots and other licenses. Amortization of intangible assets that have finite lives is provided for by the straight-line method over the shorter of the legal or estimated economic life. Total capitalized costs of $3.2 million related to patents were included in other assets as of April 4, 2014 and March 29, 2013. The Company had capitalized costs of $13.5 million and $8.6 million related to acquiring and obtaining orbital slots and other licenses included in other assets as of April 4, 2014 and March 29, 2013, respectively. Accumulated amortization related to these assets was approximately $1.0 million and $0.7 million as of April 4, 2014 and March 29, 2013, respectively. Amortization expense related to these assets was an insignificant amount for the fiscal years ended April 4, 2014, March 29, 2013, and March 30, 2012. If a patent, orbital slot or orbital license is rejected, abandoned or otherwise invalidated, the unamortized cost is expensed in that period. During fiscal years 2014, 2013 and 2012, the Company did not write off any significant costs due to abandonment or impairment.

Debt issuance costs

Debt issuance costs are amortized and recognized as interest expense on a straight-line basis over the expected term of the related debt, the results of which are not materially different from the effective interest rate basis. During fiscal years 2014, 2013 and 2012, the Company paid and capitalized approximately $2.5 million, $8.1 million and $5.7 million, respectively, of debt issuance costs. Unamortized debt issuance costs related to extinguished debt are expensed at the time the debt is extinguished and recorded in loss on extinguishment of debt in the consolidated statements of operations and comprehensive income (loss). Other unamortized debt issuance costs are recorded in prepaid expenses and other current assets and in other long-term assets in the consolidated balance sheets, depending on the amounts expected to be amortized to interest expense within the next twelve months.

Software development

Costs of developing software for sale are charged to research and development expense when incurred, until technological feasibility has been established. Software development costs incurred from the time technological feasibility is reached until the product is available for general release to customers are capitalized and reported at the lower of unamortized cost or net realizable value. Once the product is available for general release, the software development costs are amortized based on the ratio of current to future revenue for each product with an annual minimum equal to straight-line amortization over the remaining estimated economic life of the product, generally within five years. Capitalized costs, net, of $91.0 million and $60.6 million related to software developed for resale were included in other assets as of April 4, 2014 and March 29, 2013, respectively. The Company capitalized $41.5 million and $25.8 million of costs related to software developed for resale for fiscal years ended April 4, 2014 and March 29, 2013, respectively. Amortization expense for software development costs was $11.1 million, $7.2 million and $5.2 million during fiscal years 2014, 2013 and 2012, respectively.

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

In accordance with the authoritative guidance for impairment or disposal of long-lived assets (ASC 360), the Company assesses potential impairments to long-lived assets, including property, equipment and satellites, and other assets, when there is evidence that events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized when the undiscounted cash flows expected to be generated by an asset (or group of assets) is less than its carrying value. Any required impairment loss would be measured as the amount by which the asset's carrying value exceeds its fair value, and would be recorded as a reduction in the carrying value of the related asset and charged to results of operations. No material impairments were recorded by the Company for fiscal years 2014, 2013 and 2012.

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

In accordance with ASC 350, the Company assesses qualitative factors to determine whether goodwill is impaired. Furthermore, in addition to qualitative analysis, the Company believes it is appropriate to conduct a quantitative analysis periodically as a prudent review of its reporting unit goodwill fair values. The Company's quantitative analysis estimates the fair values of the reporting units using discounted cash flows and other indicators of fair value. The forecast of future cash flow is based on the Company's best estimate of the future revenue and operating costs, based primarily on existing firm orders, expected future orders, contracts with suppliers, labor resources and general market conditions. Based on a quantitative analysis for fiscal year 2014, the Company concluded that estimated fair values of the Company's reporting units significantly exceed their respective carrying value.

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

Based on the Company's qualitative and quantitative assessment performed during the fourth quarter of fiscal year 2014, the Company concluded that it was more likely than not that the estimated fair value of the Company's reporting units exceeded its carrying value as of April 4, 2014 and therefore determined it was not necessary to perform step two of the goodwill impairment test. No impairments were recorded by the Company related to goodwill and other intangible assets for fiscal years 2014, 2013 and 2012.

Warranty reserves

The Company provides limited warranties on its products for periods of up to five years. The Company records a liability for its warranty obligations when products are shipped or they are included in long-term construction contracts based upon an estimate of expected warranty costs. Amounts expected to be incurred within twelve months are classified as a current liability and amounts expected to be incurred beyond twelve months are classified as other liabilities in the consolidated financial statements. For mature products, the warranty cost estimates are based on historical experience with the particular product. For newer products that do not have a history of warranty 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 (see Note 12).

Fair value of financial instruments

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

Self-insurance liabilities

The Company has self-insurance plans to retain a portion of the exposure for losses related to employee medical benefits and workers' compensation. The self-insurance plans include policies which provide for both specific and aggregate stop-loss limits. The Company utilizes internal actuarial methods as well as other historical information for the purpose of estimating ultimate costs for a particular plan year. Based on these actuarial methods, along with currently available information and insurance industry statistics, the Company has recorded self-insurance liability for its plans of $3.5 million and $2.3 million as of April 4, 2014 and March 29, 2013, respectively. The Company's estimate, which is subject to inherent variability, is based on average claims experience in the Company's industry and its own experience in terms of frequency and severity of claims, including asserted and unasserted claims incurred but not reported, with no explicit provision for adverse fluctuation from year to year. This variability may lead to ultimate payments being either greater or less than the amounts presented above. Self-insurance liabilities have been classified as a current liability in accrued liabilities in accordance with the estimated timing of the projected payments.

Indemnification provisions

In the ordinary course of business, the Company includes indemnification provisions in certain of its contracts, generally relating to parties with which the Company has commercial relations. Pursuant to these agreements, the Company will indemnify, hold harmless and agree to reimburse the indemnified party for losses suffered or incurred by the indemnified party, including but not limited to losses relating to third-party intellectual property claims. To date, there have not been any material costs incurred in connection with such indemnification clauses. The Company's insurance policies do not necessarily cover the cost of defending indemnification claims or providing indemnification, so if a claim was filed against the Company by any party that the Company has agreed to indemnify, the Company could incur substantial legal costs and damages. A claim would be accrued when a loss is considered probable and the amount can be reasonably estimated. At April 4, 2014 and March 29, 2013, no such amounts were accrued related to the aforementioned provisions.

Noncontrolling interest

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

Common stock held in treasury

During fiscal years 2014, 2013 and 2012, the Company issued 654,020, 612,233 and 472,311 shares of common stock, respectively, based on the vesting terms of certain restricted stock unit agreements. In order for employees to satisfy minimum statutory employee tax withholding requirements related to the issuance of common stock underlying these restricted stock unit agreements, the Company repurchased 242,965, 219,933 and 167,311 shares of common stock with a total value of $15.6 million, $8.4 million and $7.5 million during fiscal years 2014, 2013 and 2012, respectively.

Repurchased shares of common stock of 1,190,572 and 947,607 were held in treasury as of April 4, 2014 and March 29, 2013, 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 other income (expense) as gains (losses) on derivative instruments. Gains and losses arising from the effective portion of foreign currency forward and option contracts which are designated as cash-flow hedging instruments are recorded in accumulated other comprehensive income (loss) as unrealized gains (losses) on derivative instruments until the underlying transaction affects the Company's earnings, at which time they are then recorded in the same income statement line as the underlying transaction.

During fiscal years 2014, 2013 and 2012, the Company settled certain foreign exchange contracts and in connection therewith recognized a gain of less than $0.1 million, recognized a loss of $0.9 million and recognized a loss of $0.1 million, respectively, recorded in cost of revenues based on the nature of the underlying transactions. The fair value of the Company's foreign currency forward contracts was an other current asset of less than $0.1 million and an accrued liability $0.3 million at April 4, 2014 and March 29, 2013, respectively. The notional value of foreign currency forward contracts outstanding as of April 4, 2014 and March 29, 2013 was $3.3 million and $7.0 million, respectively.

At April 4, 2014, the estimated net amount of unrealized gains or losses related to foreign currency forward contracts that was expected to be reclassified to earnings within the next twelve months was less than $0.1 million. The Company's foreign currency forward contracts outstanding as of April 4, 2014 will mature within ten to twenty-three months from their inception. There were no gains or losses from ineffectiveness of these derivative instruments recorded for fiscal years 2014, 2013 and 2012.

Foreign currency

In general, the functional currency of a foreign operation is deemed to be the local country's currency. Consequently, assets and liabilities of operations outside the United States are generally translated into U.S. dollars, and the effects of foreign currency translation adjustments are included as a component of accumulated other comprehensive income (loss) within ViaSat, Inc. stockholders' equity.

Revenue recognition

A substantial portion of the Company's revenues is derived from long-term contracts requiring development and delivery of complex equipment built to customer specifications. Sales related to long-term contracts are accounted for under the authoritative guidance for the percentage-of-completion method of accounting (ASC 605-35). Sales and earnings under these contracts are recorded either based on the ratio of actual costs incurred to date to total estimated costs expected to be incurred related to the contract, or as products are shipped under the units-of-delivery method. Anticipated losses on contracts are recognized in full in the period in which losses become probable and estimable. Changes in estimates of profit or loss on contracts are included in earnings on a cumulative basis in the period the estimate is changed. During fiscal years 2014, 2013 and 2012, the Company recorded losses of approximately $3.3 million, $3.1 million and $1.4 million, respectively, related to loss contracts.

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

The Company also enters into certain leasing arrangements with customers and evaluates the contracts in accordance with the authoritative guidance for leases (ASC 840). The Company's accounting for equipment leases involves specific determinations under the authoritative guidance for leases, which often involve complex provisions and significant judgments. In accordance with the authoritative guidance for leases, the Company classifies the transactions as sales type or operating leases based on: (1) review for transfers of ownership of the equipment to the lessee by the end of the lease term, (2) review of the lease terms to determine if it contains an option to purchase the leased equipment for a price which is sufficiently lower than the expected fair value of the equipment at the date of the option, (3) review of the lease term to determine if it is equal to or greater than 75% of the economic life of the equipment, and (4) review of the present value of the minimum lease payments to determine if they are equal to or greater than 90% of the fair market value of the equipment at the

inception of the lease. Additionally, the Company considers the cancelability of the contract and any related uncertainty of collections or risk in recoverability of the lease investment at lease inception. Revenue from sales type leases is recognized at the inception of the lease or when the equipment has been delivered and installed at the customer site, if installation is required. Revenues from equipment rentals under operating leases are recognized as earned over the lease term, which is generally on a straight-line basis.

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

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

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

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

Contract costs on U.S. government contracts are subject to audit and review by the Defense Contracting Management Agency (DCMA), the Defense Contract Audit Agency (DCAA), and other U.S. government agencies, as well as negotiations with U.S. government representatives. The Company's incurred cost audits by the DCAA have not been concluded for fiscal year 2004 and subsequent fiscal years. Although the Company has recorded contract revenues subsequent to fiscal year 2003 based upon an estimate of costs that the Company believes will be approved upon final audit or review, the Company does not know the outcome of any ongoing or future audits or reviews and adjustments, and if future adjustments exceed the Company's estimates, its profitability would be adversely affected. As of April 4, 2014 and March 29, 2013, the Company had $6.7 million and $7.2 million, respectively, in contract-related reserves for its estimate of potential refunds to customers for potential cost adjustments on several multi-year U.S. government cost reimbursable contracts (see Note 11).

Advertising costs

In accordance with the authoritative guidance for advertising costs (ASC 720-35), advertising costs are expensed as incurred and included in selling, general and administrative expenses (SG&A). Advertising expenses for fiscal years 2014, 2013 and 2012 were $18.9 million, $21.8 million and $2.8 million, respectively.

Commissions

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

Stock-based compensation

In accordance with the authoritative guidance for share-based payments (ASC 718), the Company measures stock-based compensation cost at the grant date, based on the estimated fair value of the award, and recognizes expense on a straight-line basis over the employee's requisite service period. Stock-based compensation expense is recognized in the consolidated statements of operations and comprehensive income (loss) for fiscal years 2014, 2013 and 2012 only for those awards ultimately expected to vest, with forfeitures estimated at the date of grant. The authoritative guidance for share-based payments requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Independent research and development

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

Rent expense, deferred rent obligations and deferred lease incentives

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

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

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

At April 4, 2014 and March 29, 2013, deferred rent included in accrued liabilities in the Company's consolidated balance sheets was $1.3 million and $0.8 million, respectively, and deferred rent included in other long-term liabilities in the Company's consolidated balance sheets was $9.8 million and $9.0 million, respectively.

Income taxes

Accruals for uncertain tax positions are provided for in accordance with the authoritative guidance for accounting for uncertainty in income taxes (ASC 740). The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The authoritative guidance for accounting

for uncertainty in income taxes also provides guidance on derecognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and income tax disclosures. The Company's policy is to recognize interest expense and penalties related to income tax matters as a component of income tax expense. Current income tax expense is the amount of income taxes expected to be payable for the current fiscal 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. The Company's analysis of the need for a valuation allowance on deferred tax assets considered the losses incurred during the fiscal years ended April 4, 2014 and March 29, 2013. The loss from fiscal year 2013 was more significant and a substantial portion of such loss resulted from an extinguishment of debt charge that was recorded upon the refinancing of the Company's former 8.875% Senior Notes due 2016 (2016 Notes) with the proceeds from the issuance of additional 6.875% Senior Notes due 2020 (2020 Notes), which provides a benefit to net income due to the lower interest rate of the 2020 Notes. The Company's evaluation considered other factors, including the Company's history of positive earnings, current earnings trends assuming the Company's satellite subscriber base continues to grow, taxable income adjusted for certain items, the Company's contractual backlog, and forecasted income by jurisdiction. The Company also considered the lengthy period over which these net deferred tax assets can be realized, and the Company's history of not having federal tax loss carryforwards expire unused.

Earnings per share

Basic earnings per share is computed based upon the weighted average number of common shares outstanding during the period. Diluted earnings per share is based upon the weighted average number of common shares outstanding and potential common stock, if dilutive during the period. Potential common stock includes options granted and restricted stock units awarded under the Company's equity compensation plan which are included in the earnings per share calculations using the treasury stock method, common shares expected to be issued under the Company's employee stock purchase plan, and shares potentially issuable under the ViaSat 401(k) Profit Sharing Plan in connection with the Company's decision to pay a discretionary match in common stock or cash. The weighted average number of shares used to calculate basic and diluted net income (loss) per share attributable to ViaSat, Inc. common stockholders is the same for the fiscal years ended April 4, 2014 and March 29, 2013, as the Company incurred a net loss for fiscal years 2014 and 2013 and inclusion of potential common stock would be antidilutive.

Segment reporting

The Company's satellite services, commercial networks and government systems segments are primarily distinguished by the type of customer and the related contractual requirements. The Company's satellite services segment provides retail and wholesale satellite-based broadband services for its consumer, enterprise and mobile broadband customers primarily in the United States. The Company's commercial networks segment develops and produces a variety of advanced end-to-end satellite and other wireless communication systems and ground networking equipment and products, some of which are ultimately used by the Company's satellite services segment. The Company's government systems segment develops and produces network-centric, internet protocol (IP)-based secure fixed and mobile government communications systems, products, services and solutions. The more regulated government environment is subject to unique contractual requirements and possesses economic characteristics which differ from the satellite services and commercial networks segments. The Company's segments are determined consistent with the way management currently organizes and evaluates financial information internally for making operating decisions and assessing performance (see Note 14).

Recent authoritative guidance

In December 2011, the FASB issued ASU 2011-11, Balance Sheet (ASC 210): Disclosures about offsetting Assets and Liabilities. The new authoritative guidance requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to evaluate the effect or potential effect of netting arrangements on an entity's financial position, including the effect or potential effect of rights of setoff associated with certain financial instruments and derivative instruments in the scope of this authoritative guidance. This authoritative guidance became effective for the Company beginning in the first quarter of fiscal year 2014 and has been applied retrospectively for all comparative periods presented. Adoption of this authoritative guidance did not have a material impact on the Company's consolidated financial statements and disclosures.

In July 2012, the FASB issued ASU 2012-02, Intangibles—Goodwill and Other (ASC 350): Testing Indefinite-Lived Intangible Assets for Impairment. The new authoritative guidance simplifies the requirements for testing for indefinite-lived intangible assets other than goodwill and permits an entity to first assess qualitative factors to determine whether it is necessary to perform a quantitative fair value test. This authoritative guidance became effective for the Company during fiscal year 2014. Adoption of this standard did not have a material impact on the Company's consolidated financial statements and disclosures.

In February 2013, the FASB issued ASU 2013-02, Comprehensive Income (ASC 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. ASU 2013-02 requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income. The guidance, which became effective for the Company beginning in the first quarter of fiscal year 2014, required changes in presentation only and the adoption of this standard did not have a significant impact on the Company's consolidated financial statements and disclosures. The Company considers information related to amounts reclassified out of accumulated other comprehensive income to be insignificant and therefore immaterial for separate disclosures.

In March 2013, the FASB issued ASU 2013-05, Foreign Currency Matters (ASC 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity. ASU 2013-05 clarifies that the cumulative translation adjustment should be released into net income only when a reporting entity ceases to have a controlling financial interest in a subsidiary or a business within a foreign entity. Further, for an equity method investment that is a foreign entity, a pro rata portion of the cumulative translation adjustment should be released into net income upon a partial sale of such an equity method investment. These amendments are to be applied prospectively to derecognition events occurring after the effective date. This guidance is effective for the Company beginning in the first quarter of fiscal year 2015 and the adoption of this standard is not expected to have a material impact on its consolidated financial statements and disclosures.

In July 2013, the FASB issued ASU 2013-11, Income Taxes (ASC 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. ASU 2013-11 requires the netting of unrecognized tax benefits against available deferred tax assets for losses and other carryforward benefits that would be available to offset the liability for uncertain tax positions rather than presenting the unrecognized tax benefits on a gross basis. This guidance is effective for the Company beginning in the first quarter of fiscal year 2015 and the adoption of this standard is not expected to have a material impact on its consolidated financial statements and disclosures.

In April 2014, the FASB issued ASU 2014-08, Presentation of Financial Statements and Property, Plant, and Equipment: Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. ASU 2014-08 limits the requirement to report discontinued operations to disposals of components of an entity that represent strategic shifts that have (or will have) a major effect on an entity's operations and financial results. The amendments also require expanded disclosures concerning discontinued operations and disclosures of certain financial results attributable to a disposal of a significant component of an entity that does not qualify for discontinued operations reporting. These amendments are effective prospectively for reporting periods beginning on or after December 15, 2014, with early adoption permitted. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements and disclosures.

NOTE 2 COMPOSITION OF CERTAIN BALANCE SHEET CAPTIONS

(In thousands)	As of April 4, 2014	As of March 29, 2013
Accounts receivable, net:		
Billed	$ 129,794	$ 134,206
Unbilled	143,651	134,198
Allowance for doubtful accounts	(1,554)	(1,434)
	$ 271,891	$ 266,970
Inventories:		
Raw materials	$ 42,786	$ 40,308
Work in process	22,279	21,298
Finished goods	54,536	44,675
	$ 119,601	$ 106,281
Prepaid expenses and other current assets:		
Prepaid expenses	$ 41,341	$ 34,257
Other	2,729	6,562
	$ 44,070	$ 40,819
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 — ViaSat-1 (estimated useful life of 17 years)	363,204	363,204
Satellite — ViaSat-2 (under construction)	146,610	—
	804,794	658,184
Less accumulated depreciation and amortization	(173,958)	(123,094)
	$ 630,836	$ 535,090
Property and equipment, net:		
Equipment and software (estimated useful life of 2–7 years)	$ 452,197	$ 381,086
CPE leased equipment (estimated useful life of 4–5 years)	221,017	170,934
Furniture and fixtures (estimated useful life of 7 years)	18,773	15,716
Leasehold improvements (estimated useful life of 2–17 years)	62,159	57,691
Building (estimated useful life of 24 years)	8,923	8,923
Land held for sale	—	2,846
Land	1,621	1,260
Construction in progress	17,062	23,025
	781,752	661,481
Less accumulated depreciation	(360,086)	(282,790)
	$ 421,666	$ 378,691
Other assets:		
Capitalized software costs, net	$ 91,022	$ 60,596
Patents, orbital slots and other licenses, net	15,700	11,100
Deferred income taxes	110,711	97,238
Other	39,535	36,314
	$ 256,968	$ 205,248
Accrued liabilities:		
Collections in excess of revenues and deferred revenues	$ 69,127	$ 65,822
Accrued employee compensation	23,954	23,925
Accrued vacation	22,550	19,252
Warranty reserve, current portion	9,368	8,840
Other	49,119	44,070
	$ 174,118	$ 161,909
Other liabilities:		
Deferred revenue, long-term portion	$ 10,097	$ 15,360
Deferred rent, long-term portion	9,758	8,964
Warranty reserve, long-term portion	7,655	5,267
Deferred income taxes, long-term portion	816	1,547
Unrecognized tax position liabilities	—	493
Satellite performance incentives obligation, long-term portion	20,567	21,009
	$ 48,893	$ 52,640

NOTE 3 FAIR VALUE MEASUREMENTS

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

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

The following tables present the Company's hierarchy for its assets and liabilities measured at fair value on a recurring basis as of April 4, 2014 and March 29, 2013:

(In thousands)	Fair Value as of April 4, 2014	Level 1	Level 2	Level 3
Assets:				
Cash equivalents	$ 2,087	$ 2,087	$ —	$ —
Foreign currency forward contracts	40	—	40	—
Total assets measured at fair value on a recurring basis	$ 2,127	$ 2,087	$ 40	$ —

(In thousands)	Fair Value as of March 29, 2013	Level 1	Level 2	Level 3
Assets:				
Cash equivalents	$ 47,427	$ 47,427	$ —	$ —
Total assets measured at fair value on a recurring basis	$ 47,427	$ 47,427	$ —	$ —
Liabilities:				
Foreign currency forward contracts	$ 318	$ —	$ 318	$ —
Total liabilities measured at fair value on a recurring basis	$ 318	$ —	$ 318	$ —

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

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

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

Long-term debt → The Company's long-term debt consists of borrowings under its revolving credit facility (the Credit Facility), reported at the outstanding principal amount of borrowings, and $575.0 million in aggregate principal amount of 2020 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. As of April 4, 2014 and March 29, 2013, the fair value of the Company's outstanding long-term debt related to the 2020 Notes was determined using quoted prices in active markets (Level 1) and was approximately $616.7 million. The fair value of the Company's long-term debt related to the Credit Facility approximates its carrying amount due to the variable interest rate on the revolving line of credit, which approximates a market interest rate.

Satellite performance incentives obligation → The Company's contract with the manufacturer of ViaSat-1 requires the Company to make monthly in-orbit satellite performance incentive payments, including interest at 7.0%, over a fifteen-year period from December 2011 to December 2026, subject to the continued satisfactory performance of the satellite. The Company recorded the net present value of these expected future payments as a liability and as a component of the cost of the satellite. However, for disclosure purposes, the Company is required to measure the fair value of outstanding satellite performance incentives on a recurring basis. The fair value of the Company's outstanding satellite performance incentives is estimated to approximate their carrying value based on current rates (Level 2). As of each of April 4, 2014 and March 29, 2013, the Company's estimated satellite performance incentives obligation and accrued interest was $22.6 million and $22.7 million, respectively.

Note 4 GOODWILL AND ACQUIRED INTANGIBLE ASSETS

During fiscal years 2014 and 2013, the Company's goodwill increased by approximately $0.6 million and decreased by approximately $0.5 million, respectively, related to the effects of foreign currency translation recorded mainly within the Company's commercial networks segment. Other acquired intangible assets are amortized using the straight-line method over their estimated useful lives of three to ten years, which is not materially different from the economic benefit method. Amortization expense related to other acquired intangible assets was $14.6 million, $15.6 million and $18.7 million for the fiscal years ended April 4, 2014, March 29, 2013 and March 30, 2012, respectively.

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

(In thousands)	Amortization
Expected for fiscal year 2015	$ 14,668
Expected for fiscal year 2016	11,024
Expected for fiscal year 2017	4,669
Expected for fiscal year 2018	3,616
Expected for fiscal year 2019	1,142
Thereafter	278
	$ 35,397

The allocation of the other acquired intangible assets and the related accumulated amortization as of April 4, 2014 and March 29, 2013 is as follows:

		As of April 4, 2014			As of March 29, 2013		
(In thousands)	Weighted Average Useful Life	Total	Accumulated Amortization	Net book Value	Total	Accumulated Amortization	Net book Value
Technology	6	$ 57,084	$ (52,979)	$ 4,105	$ 53,714	$ (49,654)	$ 4,060
Contracts and customer relationships	7	88,853	(62,245)	26,608	88,651	(51,184)	37,467
Satellite co-location rights	9	8,600	(3,969)	4,631	8,600	(3,044)	5,556
Trade name	3	5,680	(5,680)	—	5,680	(5,680)	—
Other	9	6,320	(6,267)	53	6,287	(6,200)	87
Total other acquired intangible assets		$ 166,537	$ (131,140)	$ 35,397	$ 162,932	$ (115,762)	$ 47,170

Note 5 SENIOR NOTES AND OTHER LONG-TERM DEBT

Total long-term debt consisted of the following as of April 4, 2014 and March 29, 2013:

(In thousands)	As of April 4, 2014	As of March 29, 2013
SENIOR NOTES		
2020 Notes	$ 575,000	$ 575,000
Unamortized premium on the 2020 Notes	8,861	9,993
Total senior notes, net of premium	583,861	584,993
Less: current portion of the senior notes	—	—
Total senior notes long-term, net	583,861	584,993
OTHER LONG-TERM DEBT		
Revolving credit facility	105,000	—
Other	2,756	3,686
Total other long-term debt	107,756	3,686
Less: current portion of other long-term debt	1,856	2,230
Other long-term debt, net	105,900	1,456
Total debt	691,617	588,679
Less: current portion	1,856	2,230
Long-term debt, net	$ 689,761	$ 586,449

The estimated aggregate amounts and timing of payments on the Company's long-term debt obligations as of April 4, 2014 for the next five years and thereafter were as follows (excluding the effects of premium accretion on the 2020 Notes):

For the Fiscal Years Ending (In thousands)	
2015	$ 1,856
2016	300
2017	300
2018	300
2019	105,000
Thereafter	575,000
	682,756
Plus: unamortized premium on the 2020 Notes	8,861
Total	$ 691,617

Credit Facility

As of April 4, 2014, the Company's Credit Facility provided a $500.0 million revolving line of credit (including up to $150.0 million of letters of credit), with a maturity date of November 26, 2018. The Company entered into the Credit Facility in November 2013 to replace its former $325.0 million revolving credit facility. 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) the Eurodollar rate, plus, in the case of each of (1) and (2), an applicable margin that is based on the Company's total leverage ratio. At April 4, 2014, the weighted average effective interest rate on the Company's outstanding borrowings under the Credit Facility was 2.41%. The Company has capitalized certain amounts of interest expense on the Credit Facility in connection with the construction of various assets during the construction period. The Credit Facility is required to be guaranteed by certain significant domestic subsidiaries of the Company (as defined in the Credit Facility) and secured by substantially all of the Company's and any such subsidiaries' assets. As of April 4, 2014, none of the Company's subsidiaries guaranteed the Credit Facility.

The Credit Facility contains financial covenants regarding a maximum total 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 April 4, 2014. At April 4, 2014, the Company had $105.0 million in principal amount of outstanding borrowings under the Credit Facility and $39.5 million outstanding under standby letters of credit, leaving borrowing availability under the Credit Facility as of April 4, 2014 of $355.5 million.

Senior Notes

Senior Notes due 2020

In February 2012, the Company issued $275.0 million in principal amount of 2020 Notes in a private placement to institutional buyers, which were exchanged in August 2012 for substantially identical 2020 Notes that had been registered with the Securities and Exchange Commission (SEC). These initial 2020 Notes were issued at face value and are recorded as long-term debt in the Company's consolidated financial statements. On October 12, 2012, the Company issued an additional $300.0 million in principal amount of 2020 Notes in a private placement to institutional buyers at an issue price of 103.50% of the principal amount, which were exchanged in January 2013 for substantially identical 2020 Notes that had been registered with the SEC. The 2020 Notes are all treated as a single class. The 2020 Notes bear interest at the rate of 6.875% per year, payable semi-annually in cash in arrears, which interest payments commenced in June 2012. Debt issuance costs associated with the issuance of the 2020 Notes are amortized to interest expense on a straight-line basis over the term of the 2020 Notes, the results of which are not materially different from the effective interest rate basis. The $10.5 million premium the Company received in connection with the issuance of the additional 2020 Notes is recorded as long-term debt in the Company's consolidated financial statements and is being amortized as a reduction to interest expense on an effective interest rate basis over the term of those 2020 Notes.

The 2020 Notes are required to be guaranteed on an unsecured senior basis by each of the Company's existing and future subsidiaries that guarantees the Credit Facility. During the second quarter of fiscal year 2014, the last remaining subsidiary guarantor, ViaSat Communications, Inc., was merged into the Company. Accordingly, as of April 4, 2014, none of the Company's subsidiaries guaranteed the 2020 Notes. The 2020 Notes are the Company's general senior unsecured obligations and rank equally in right of payment with all of the Company's existing and future unsecured unsubordinated debt. The 2020 Notes are effectively junior in right of payment to the Company's existing and future secured debt, including under the Credit 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 do not guarantee the 2020 Notes, and are senior in right of payment to all of their existing and future subordinated indebtedness.

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

Prior to June 15, 2015, the Company may redeem up to 35% of the 2020 Notes at a redemption price of 106.875% 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 2020 Notes prior to June 15, 2016, 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 2020 Notes and (ii) the excess, if any, of (a) the present value at such date of redemption of (1) the redemption price of such 2020 Notes on June 15, 2016 plus (2) all required interest payments due on such 2020 Notes through June 15, 2016 (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 2020 Notes. The 2020 Notes may be redeemed, in whole or in part, at any time during the twelve months beginning on June 15, 2016 at a redemption price of 103.438%, during the twelve months beginning on June 15, 2017 at a redemption price of 101.719%, and at any time on or after June 15, 2018 at a redemption price of 100%, in each case plus accrued and unpaid interest, if any, thereon to the redemption date.

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

Discharge of Indenture and Loss on Extinguishment of Debt

In connection with the Company's issuance of the additional $300.0 million of 2020 Notes issued in October 2012, the Company repurchased and redeemed all of its $275.0 million in aggregate principal amount of 2016 Notes then outstanding through a cash tender offer and redemption, and the indenture governing the 2016 Notes was satisfied and discharged in accordance with its terms. On October 12, 2012, the Company purchased approximately $262.1 million in aggregate principal amount of the 2016 Notes pursuant to the tender offer. The total cash payment to purchase the tendered 2016 Notes in the tender offer, including accrued and unpaid interest up to, but excluding, the repurchase date and a $10 consent payment per $1,000 principal amount of notes tendered, was approximately $282.5 million. On November 14, 2012, the Company redeemed the remaining $12.9 million in aggregate principal amount of 2016 Notes pursuant to the optional redemption provisions of the 2016 Notes at a redemption price of 106.656% of the principal amount, plus accrued and unpaid interest to, but not including, the redemption date. The total cash payment to redeem the remaining 2016 Notes was approximately $14.0 million.

As a result of the repurchase and redemption of the 2016 Notes, the Company recognized a $26.5 million loss on extinguishment of debt during fiscal year 2013, which was comprised of $19.8 million in cash payments (including tender offer consideration, consent payments, redemption premium and related professional fees), and $6.7 million in non-cash charges (including unamortized discount and unamortized debt issuance costs).

Note 6 COMMON STOCK AND STOCK PLANS

In March 2013, the Company 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 the Company, by selling security holders, or through underwriters, dealers or agents at amounts, prices, interest rates and other terms to be determined at the time of the offering.

In November 1996, the Company adopted the 1996 Equity Participation Plan (the Equity Participation Plan). The Equity Participation Plan provides for the grant to executive officers, other key employees, consultants and non-employee directors of the Company a broad variety of stock-based compensation alternatives such as nonqualified stock options, incentive stock options, restricted stock units and performance awards. From November 1996 to September 2012 through various amendments of the Equity Participation Plan, the Company increased the maximum number of shares reserved for issuance under this plan to 21,400,000 shares. The Company believes that such awards better align the interests of its employees with those of its stockholders. Shares of the Company's common stock granted under the Equity Participation Plan in the form of stock options or stock appreciation right are counted against the Equity Participation Plan share reserve on a one for one basis. Shares of the Company's common stock granted under the Equity Participation Plan as an award other than as an option or as a stock appreciation right with a per share purchase price lower than 100% of fair market value on the date of grant are counted against the Equity Participation Plan share reserve as two shares for each share of common stock prior to September 22, 2010 and subsequent to September 19, 2012, and as 2.65 shares for each share of common stock during the period beginning on September 22, 2010 and ending prior to September 20, 2012. Restricted stock units are granted to eligible employees and directors and represent rights to receive shares of common stock at a future date. As of April 4, 2014, the Company had granted options and restricted stock units, net of cancellations, to purchase 9,890,833 and 4,437,058 shares of common stock, respectively, under the Equity Participation Plan.

In November 1996, the Company adopted the ViaSat, Inc. Employee Stock Purchase Plan (the Employee Stock Purchase Plan) to assist employees in acquiring a stock ownership interest in the Company and to encourage them to remain in the employment of the Company. The Employee Stock Purchase Plan is intended to qualify under Section 423 of the Internal Revenue Code. In September of 2013, the Company amended the Employee Stock Purchase Plan to increase the maximum number of shares reserved for issuance under this plan from 2,250,000 shares to 2,550,000 shares. To facilitate participation for employees located outside of the United States in light of non-U.S. law and other considerations, the amended Employee Stock Purchase Plan also provides for the grant of purchase rights that are not intended to be tax-qualified. The Employee Stock Purchase Plan permits eligible employees to purchase common stock at a discount through payroll deductions during specified six-month offering periods. No employee may purchase more than $25,000 worth of stock in any calendar year. The price of shares purchased under the Employee Stock Purchase Plan is equal to 85% of the fair market value of the common stock on the first or last day of the offering period, whichever is lower. As of April 4, 2014, the Company had issued 2,132,713 shares of common stock under the Employee Stock Purchase Plan.

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

Fiscal Years Ended (In thousands)	**April 4 2014**	**March 29 2013**	**March 30 2012**
Stock-based compensation expense before taxes	$ 33,639	$ 27,035	$ 21,382
Related income tax benefits	(12,685)	(10,213)	(8,010)
Stock-based compensation expense, net of taxes	$ 20,954	$ 16,822	$ 13,372

For fiscal years 2014, 2013 and 2012 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 has no awards with market or performance conditions. The compensation cost that has been charged against income for the Equity Participation Plan under the authoritative guidance for share-based payments was $31.7 million, $25.5 million and $20.0 million, and for the Employee Stock Purchase Plan was $1.9 million, $1.5 million and $1.4 million, for the fiscal years ended April 4, 2014, March 29, 2013 and March 30, 2012, respectively. The Company capitalized $1.6 million, $1.0 million and $1.6 million of stock-based compensation expense as a part of the cost for software development for resale included in other assets and as a part of the machinery and equipment for the internal use included in property, equipment and satellites for fiscal years 2014, 2013 and 2012, respectively.

As of April 4, 2014, total unrecognized compensation cost related to unvested stock-based compensation arrangements granted under the Equity Participation Plan (including stock options and restricted stock units) and the Employee Stock Purchase Plan was $83.4 million and $0.5 million, respectively. These costs are expected to be recognized over a weighted average period of 2.6 years and 2.7 years, for stock options and restricted stock units, respectively, under the Equity Participation Plan and less than six months for the Employee Stock Purchase Plan.

Stock options and employee stock purchase plan → The Company's employee stock options typically have a simple four-year vesting schedule and a six to ten year contractual term. The weighted average estimated fair value of employee stock options granted and employee stock purchase plan shares issued during fiscal year 2014 was $23.03 and $16.32 per share, respectively, during fiscal year 2013 was $13.96 and $9.02 per share, respectively, and during fiscal year 2012 was $17.36 and $11.74 per share, respectively, using the Black-Scholes model with the following weighted average assumptions (annualized percentages):

	Employee Stock Options			**Employee Stock Purchase Plan**		
	Fiscal Year 2014	**Fiscal Year 2013**	**Fiscal Year 2012**	**Fiscal Year 2014**	**Fiscal Year 2013**	**Fiscal Year 2012**
Volatility	40.2%	41.2%	41.4%	34.3%	30.0%	38.4%
Risk-free interest rate	1.3%	0.7%	0.9%	0.1%	0.1%	0.1%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expected life	5.5 years	5.5 years	5.5 years	0.5 years	0.5 years	0.5 years

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

A summary of employee stock option activity for fiscal year 2014 is presented below:

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term in Years	Aggregate Intrinsic Value (In thousands)
Outstanding at March 29, 2013	2,429,664	$ 28.69		
Options granted	363,750	59.71		
Options canceled	—	—		
Options exercised	(592,971)	21.77		
Outstanding at April 4, 2014	2,200,443	$ 35.68	2.70	$ 65,164
Vested and exercisable at April 4, 2014	1,446,858	$ 28.51	1.65	$ 53,179

The total intrinsic value of stock options exercised during fiscal years 2014, 2013 and 2012 was $25.9 million, $23.5 million and $20.8 million, respectively.

Transactions related to the Company's stock options are summarized as follows:

	Number of Shares	Weighted Average Exercise Price per Share
Outstanding at April 1, 2011	3,839,468	$ 22.66
Options granted	368,000	44.73
Options canceled	(10,200)	32.11
Options exercised	(795,634)	18.45
Outstanding at March 30, 2012	3,401,634	26.00
Options granted	290,700	36.46
Options canceled	(84,097)	40.59
Options exercised	(1,178,573)	21.99
Outstanding at March 29, 2013	2,429,664	28.69
Options granted	363,750	59.71
Options canceled	—	—
Options exercised	(592,971)	21.77
Outstanding at April 4, 2014	2,200,443	$ 35.68

All options issued under the Company's stock option plans have an exercise price equal to the fair market value of the Company's stock on the date of the grant.

Restricted stock units → Restricted stock units represent a right to receive shares of common stock at a future date determined in accordance with the participant's award agreement. There is no exercise price and no monetary payment required for receipt of restricted stock units or the shares issued in settlement of the award. Instead, consideration is furnished in the form of the participant's services to the Company. Restricted stock units generally vest over four years. Compensation cost for these awards is based on the fair value on the date of grant and recognized as compensation expense on a straight-line basis over the requisite service period. For fiscal years 2014, 2013 and 2012, the Company recognized $26.7 million, $21.7 million and $16.7 million, respectively, in stock-based compensation expense related to these restricted stock unit awards.

The per unit weighted average grant date fair value of restricted stock units granted during fiscal years 2014, 2013 and 2012 was $61.52, $36.82 and $44.28, respectively. A summary of restricted stock unit activity for fiscal year 2014 is presented below:

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value per Share
Outstanding at March 29, 2013	1,785,664	$ 38.29
Awarded	752,423	61.52
Forfeited	(41,131)	42.70
Released	(654,020)	64.37
Outstanding at April 4, 2014	1,842,936	$ 47.97
Vested and deferred at April 4, 2014	120,351	$ 29.89

The total fair value of shares vested related to restricted stock units during the fiscal years 2014, 2013 and 2012 was $25.2 million, $21.8 million and $15.1 million, respectively.

Transactions related to the Company's restricted stock units are summarized as follows:

	Number of Restricted Stock Units
Outstanding at April 1, 2011	1,549,463
Awarded	684,692
Forfeited	(36,474)
Released	(472,311)
Outstanding at March 30, 2012	1,725,370
Awarded	732,009
Forfeited	(59,482)
Released	(612,233)
Outstanding at March 29, 2013	1,785,664
Awarded	752,423
Forfeited	(41,131)
Released	(654,020)
Outstanding at April 4, 2014	1,842,936

NOTE 7 SHARES USED IN COMPUTING DILUTED NET (LOSS) INCOME PER SHARE

	Fiscal Years Ended		
(In thousands)	April 4 2014	March 29 2013	March 30 2012
WEIGHTED AVERAGE			
Common shares outstanding used in calculating basic net (loss) income per share attributable to ViaSat, Inc. common stockholders	45,744	43,931	42,325
Options to purchase common stock as determined by application of the treasury stock method	—	—	1,352
Restricted stock units to acquire common stock as determined by application of the treasury stock method	—	—	435
Potentially issuable shares in connection with certain terms of the ViaSat 401(k) Profit Sharing Plan and Employee Stock Purchase Plan equivalents	—	—	114
Shares used in computing diluted net (loss) income per share attributable to ViaSat, Inc. common stockholders	45,744	43,931	44,226

The weighted average number of shares used to calculate basic and diluted net income (loss) per share attributable to ViaSat, Inc. common stockholders is the same for the fiscal years ended April 4, 2014 and March 29, 2013, as the Company incurred a net loss for the fiscal years ended April 4, 2014 and March 29, 2013 and inclusion of potential common stock would be antidilutive. Potential common stock excluded from the calculation for the fiscal year ended April 4, 2014 were 920,113 shares relating to stock options, 618,113 shares relating to restricted stock units and 151,619 shares relating to certain terms of the ViaSat 401(k) Profit Sharing Plan and Employee Stock Purchase Plan. Potential common stock excluded from the calculation for the fiscal year ended March 29, 2013 were 1,601,693 shares relating to stock options, 424,464 shares relating to restricted stock units and 162,517 shares relating to certain terms of the ViaSat 401(k) Profit Sharing Plan and Employee Stock Purchase Plan. Antidilutive shares relating to stock options excluded from the calculation were 379,618 for the fiscal year ended March 30, 2012. Antidilutive shares relating to restricted stock units excluded from the calculation were 1,682 for the fiscal year ended March 30, 2012.

NOTE 8 INCOME TAXES

The provision for income taxes includes the following:

(In thousands)	Fiscal Years Ended April 4 2014	March 29 2013	March 30 2012
Current tax provision (benefit)			
Federal	$ 798	$ (166)	$ (4,761)
State	540	2	(482)
Foreign	12	(64)	(45)
	1,350	(228)	(5,288)
Deferred tax benefit			
Federal	(11,188)	(36,042)	(1,519)
State	(16,032)	(12,657)	(6,334)
Foreign	(77)	(1,127)	(510)
	(27,297)	(49,826)	(8,363)
Total benefit from income taxes	$ (25,947)	$ (50,054)	$ (13,651)

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

(In thousands)	As of April 4 2014	March 29 2013
Deferred tax assets:		
Net operating loss carryforwards	$ 269,427	$ 240,402
Tax credit carryforwards	96,586	82,910
Warranty reserve	6,475	5,325
Accrued compensation	6,880	5,846
Deferred rent	4,128	3,618
Inventory reserve	6,636	7,578
Stock-based compensation	9,728	8,214
Other	6,872	10,793
Valuation allowance	(12,832)	(15,965)
Total deferred tax assets	393,900	348,721
Deferred tax liabilities:		
Property, equipment and satellites and intangible assets	(246,293)	(227,965)
Total deferred tax liabilities	(246,293)	(227,965)
Net deferred tax assets	$ 147,607	$ 120,756

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

(In thousands)	Fiscal Years Ended April 4 2014	March 29 2013	March 30 2012
Tax benefit at federal statutory rate	$ (12,132)	$ (31,737)	$ (2,128)
State tax provision, net of federal benefit	(3,555)	(3,202)	26
Tax credits, net of valuation allowance	(13,149)	(17,171)	(12,887)
Manufacturing deduction	—	—	176
Non-deductible compensation	1,337	1,305	700
Non-deductible meals and entertainment	678	448	447
Other	874	303	15
Total benefit from income taxes	$ (25,947)	$ (50,054)	$ (13,651)

As of April 4, 2014, the Company had federal and state research credit carryforwards of approximately $72.5 million and $81.3 million, respectively, which begin to expire in fiscal year 2026 and fiscal year 2018, respectively. As of April 4, 2014, the Company had alternative minimum tax (AMT) and foreign tax credit (FTC) carryforwards of approximately $0.4 million and $1.0 million, respectively. The AMT credit does not expire and the FTC begins to expire in fiscal year 2021. As of April 4, 2014, the Company had federal and state net operating loss carryforwards of approximately $787.7 million and $615.0 million, respectively, which begin to expire in fiscal year 2020 and fiscal year 2014, respectively.

The Company recognizes excess tax benefits associated with share-based compensation to stockholders' equity only when realized. When assessing whether excess tax benefits relating to share-based compensation have been realized, the Company follows the with-and-without approach excluding any indirect effects of the excess tax deductions. Under this approach, excess tax benefits related to share-based compensation are not deemed to be realized until after the utilization of all other tax benefits available to the Company. During fiscal year 2014, the Company did not realize any excess tax benefits. As of April 4, 2014, the Company had $35.2 million of unrealized excess tax benefits associated with share-based compensation. These tax benefits will be accounted for as a credit to additional paid-in capital if and when realized, rather than a reduction of the provision for income taxes.

In accordance with the authoritative guidance for income taxes (ASC 740), net deferred tax assets are reduced by a valuation allowance if, based on all the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. Future realization of existing deferred tax assets ultimately depends on future profitability and the existence of sufficient taxable income of appropriate character (for example, ordinary income versus capital gains) within the carryforward period available under tax law. A valuation allowance of $12.8 million at April 4, 2014 and $16.0 million at March 29, 2013 has been established relating to state net operating loss carryforwards and research credit carryforwards that, based on management's estimate of future taxable income attributable to certain states and generation of additional research credits, are considered more likely than not to expire unused. The Company's analysis of the need for additional valuation allowance considered the losses incurred during the fiscal year ended April 4, 2014 and March 30, 2013. The loss incurred in fiscal year 2013 was more significant and a substantial portion of such loss resulted from an extinguishment of debt charge that was recorded upon the refinancing of the Company's former 2016 Notes with the proceeds from the issuance of additional 2020 Notes, which provides a benefit to net income due to the lower interest rate of the 2020 Notes. The Company's evaluation considered other factors, including the Company's history of positive earnings, current earnings trends assuming the Company's satellite subscriber base continues to grow, taxable income adjusted for certain items, the Company's contractual backlog, and forecasted income by jurisdiction. The Company also considered the lengthy period over which these net deferred tax assets can be realized, and the Company's history of not having federal tax loss carryforwards expire unused. Based on the Company's analysis of the need for a valuation allowance on deferred tax assets, the Company released $3.1 million of the valuation allowance during fiscal year 2014 which related primarily to state net operating loss carryforwards as a result of the combination of the merger of ViaSat Communications, Inc. into ViaSat and changes in the apportioned state tax rates.

If the Company has an "Ownership Change" as defined under Internal Revenue Code Section 382, it may have an annual limitation on the utilization of its net operating loss and tax credit carryforwards.

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

	As of		
(In thousands)	**April 4 2014**	**March 29 2013**	**March 30 2012**
Balance, beginning of fiscal year	$ 34,491	$ 33,556	$ 33,015
(Decrease) increase related to prior year tax positions	(249)	16	819
Increases related to current year tax positions	4,459	4,608	3,148
Statute expirations	(1,306)	(3,489)	(3,426)
Settlements	—	(200)	—
Balance, end of fiscal year	$ 37,395	$ 34,491	$ 33,556

Of the total unrecognized tax benefits at April 4, 2014, approximately $30.3 million would reduce the Company's annual effective tax rate if recognized, subject to valuation allowance consideration.

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

The Company is subject to periodic audits by domestic and foreign tax authorities. By statute, the Company's U.S. federal income tax returns are subject to examination by the Internal Revenue Service ("IRS") for fiscal years 2011 through 2013. Additionally, tax credit carryovers that were generated in prior years and utilized in these years may also be subject to examination by the IRS. With few exceptions, fiscal years 2010 to 2013 remain open to examination by state and foreign taxing jurisdictions. The Company believes that it has appropriate support for the income tax positions taken on its tax returns and its accruals for tax liabilities are adequate for all open years based on an assessment of many factors, including past experience and interpretations. The Company's policy is to recognize interest expense and penalties related to income tax matters as a component of income tax expense. There were no accrued interest or penalties associated with uncertain tax positions as of April 4, 2014 and March 29, 2013.

NOTE 9 EMPLOYEE BENEFITS

The Company is a sponsor of a voluntary deferred compensation plan under Section 401(k) of the Internal Revenue Code. Under the plan, the Company may make discretionary contributions to the plan which vest over six years. The Company's discretionary matching contributions to the plan are based on the amount of employee contributions and can be made in cash or the Company's common stock at the Company's election. Subsequent to the 2014 fiscal year-end, the Company elected to settle the discretionary contributions liability in stock, consistent with fiscal year 2013. Based on the year-end common stock closing price, the Company would issue 157,435 shares of common stock at this time. Discretionary contributions accrued by the Company as of April 4, 2014 and March 29, 2013 amounted to $10.1 million and $8.0 million, respectively.

NOTE 10 COMMITMENTS

In May 2013, the Company entered into an agreement to purchase ViaSat-2, the Company's second high-capacity Ka-band satellite, from The Boeing Company (Boeing) at a price of approximately $358.0 million, plus an additional amount for launch support services to be performed by Boeing.

In January 2008, the Company entered into several agreements with Space Systems/Loral, Inc. (SS/L), Loral Space & Communications, Inc. (Loral) and Telesat Canada related to the Company's high-capacity Ka-band spot-beam satellite, ViaSat-1, which was placed into service in January 2012. The Company's contract with SS/L requires monthly in-orbit satellite performance incentive payments, including interest, over a fifteen-year period from December 2011 until December 2026, subject to the continued satisfactory performance of the satellite. The Company recorded the net present value of these expected future payments as a liability and as a component of the cost of the satellite during the third quarter of fiscal year 2012. As of April 4, 2014, the Company's estimated satellite performance incentives obligation and accrued interest was $22.6 million, of which $2.0 million and $20.6 million have been classified current in accrued liabilities and non-current in other liabilities, respectively. Under the satellite construction contract with SS/L, the Company may incur up to $35.9 million in total costs for satellite performance incentives obligation and related interest earned over the fifteen-year period with potential future minimum payments of $1.9 million, $2.0 million, $2.1 million, $2.3 million and $2.4 million in fiscal years 2015, 2016, 2017, 2018 and 2019, respectively, with $25.2 million commitments thereafter.

The Company has various other purchase commitments under satellite capacity agreements which are used to provide satellite networking services to its customers for future minimum payments of $37.5 million, $2.6 million and $0.3 million in fiscal years 2015, 2016 and 2017, respectively, with no further commitments thereafter.

The Company leases office and other facilities under non-cancelable operating leases with initial terms ranging from one to fifteen years which expire between fiscal year 2015 and fiscal year 2024 and provide for pre-negotiated fixed rental rates during the terms of the lease. Certain of the Company's facilities leases contain option provisions which allow for extension of the lease terms.

For operating leases, minimum lease payments, including minimum scheduled rent increases, are recognized as rent expense on a straight-line basis over the lease term as that term is defined in the authoritative guidance for leases including any option periods considered in the lease term and any periods during which the Company has use of the property but is not charged rent by a landlord ("rent holiday"). Leasehold improvement incentives paid to the Company by a landlord are recorded as a liability and amortized as a reduction of rent expense over the lease term. Total rent expense was $22.3 million, $19.9 million and $18.9 million in fiscal years 2014, 2013 and 2012, respectively.

Future minimum lease payments are as follows:

Fiscal Years Ending (In thousands)	
2015	$ 23,990
2016	24,168
2017	21,851
2018	15,668
2019	14,952
Thereafter	47,471
Total	$ 148,100

NOTE 11 CONTINGENCIES

In February 2012, the Company filed a complaint against SS/L and its former parent company Loral in the United States District Court for the Southern District of California for patent infringement and breach of contract relating to the manufacture of ViaSat-1. The Company alleged, among other things, that SS/L and Loral infringed U.S. Patent Nos. 8,107,875, 8,010,043, 8,068,827 and 7,773,942 by making, using, offering to sell and/or selling other high-capacity broadband satellites, and requested monetary damages, injunctive relief and other remedies. On December 17, 2013, the Company voluntarily dismissed its claims against SS/L under U.S. Patent No. 7,773,942.

On June 15, 2012, SS/L filed counterclaims against the Company for patent infringement and declaratory relief. Specifically, SS/L sought a declaration that SS/L did not breach the parties' contract for the manufacture of ViaSat-1, that SS/L did not infringe the Company's patents described above, and that those patents are invalid and/or unenforceable. SS/L also alleged that the Company infringed U.S. Patent Nos. 6,879,808, 6,400,696 and 7,219,132. On November 13, 2013, the Court granted summary judgment of non-infringement of U.S. Patent No. 6,879,808 in favor of ViaSat. On December 17, 2013, SS/L dismissed its claims against ViaSat under U.S. Patent No. 7,219,132. A jury trial on the remaining claims began on March 25, 2014.

Subsequent to the fiscal year end, on April 24, 2014, a federal court jury returned a verdict in favor of the Company, finding that ViaSat's patents are valid, SS/L infringed all of ViaSat's patents, and SS/L breached the parties' non-disclosure agreement and the manufacturing contract for the ViaSat-1 satellite. The jury awarded the Company approximately $283.0 million in damages for patent infringement and breach of contract. The damages award is subject to post-trial motions and appeal. The Company intends to seek a permanent injunction preventing SS/L from continuing to infringe our patents and using the ViaSat's intellectual property. During the trial, SS/L chose not to pursue its claim against the Company for infringing U.S. Patent No. 6,400,696. The Company intends to seek a judgment of non-infringement from the court with respect to that patent.

On September 5, 2013, the Company filed a complaint against SS/L in the United States District Court for the Southern District of California for patent infringement and breach of contract relating to SS/L's continued use of ViaSat's patented technology and intellectual property in the manufacture of high-capacity broadband satellites. The Company alleges, among other things, that SS/L infringed U.S. Patent Nos. 7,230,908, 7,684,368, 8,213,929, 8,254,832, 8,285,202 and 8,548,377 by making, using, offering to sell and/or selling other high-capacity broadband satellites. The Company has requested monetary damages, injunctive relief and other remedies.

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.

The Company has contracts with various U.S. government agencies. Accordingly, the Company is routinely subject to audit and review by the DCMA, the DCAA and other U.S. government agencies of its performance on government contracts, indirect rates and pricing practices, accounting and management internal control business systems, and compliance with applicable contracting and procurement laws, regulations and standards. An adverse outcome to a review or audit or other failure to comply with applicable contracting and procurement laws, regulations and standards could result in material civil and criminal penalties and administrative sanctions being imposed on the Company, which may include termination of contracts, forfeiture of profits, triggering of price reduction clauses, suspension of payments, significant customer refunds, fines and suspension, or a prohibition on doing business with U.S. government agencies. In addition, if the Company fails to obtain an "adequate" determination of its various accounting and management internal control business systems from applicable U.S. government agencies or if allegations of impropriety are made against it, the Company could suffer serious harm to its business or its reputation, including its ability to bid on new contracts or receive contract renewals and its competitive position in the bidding process. The Company's incurred cost audits by the DCAA have not been concluded for fiscal year 2004 and subsequent fiscal years. Although the Company has recorded contract revenues subsequent to fiscal year 2003 based upon an estimate of costs that the Company believes will be approved upon final audit or review, the Company does not know the outcome of any ongoing or future audits or reviews and adjustments, and if future adjustments exceed the Company's estimates, its profitability would be adversely affected. As of April 4, 2014 and March 29, 2013, the Company had $6.7 million and $7.2 million, respectively, in contract-related reserves for its estimate of potential refunds to customers for potential cost adjustments on several multi-year U.S. government cost reimbursable contracts. This reserve is classified as either an element of accrued liabilities or as a reduction of unbilled accounts receivable based on status of the related contracts.

NOTE 12 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 and amounts expected to be incurred beyond twelve months are classified as other liabilities in the consolidated financial statements. For mature products, the warranty cost estimates are based on historical experience with the particular product. For newer products that do not have a history of warranty 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 in fiscal years 2014, 2013 and 2012.

	Fiscal Years Ended		
(In thousands)	**April 4 2014**	**March 29 2013**	**March 30 2012**
Balance, beginning of period	$ 14,107	$ 11,651	$ 12,942
Change in liability for warranties issued in period	10,110	7,441	5,441
Settlements made (in cash or in kind) during the period	(7,194)	(4,985)	(6,732)
Balance, end of period	$ 17,023	$ 14,107	$ 11,651

NOTE 13 COMPREHENSIVE INCOME (LOSS)

The changes in the components of accumulated other comprehensive income (loss), net of taxes, were as follows:

	Fiscal Year Ended April 4, 2014		
(In thousands)	Net Change in Foreign Currency Translation Adjustments	Net Change in Derivatives	Accumulated Other Comprehensive Income (Loss)
Beginning balance	$ 800	$ (194)	$ 606
Current period other comprehensive income (loss), net of tax	1,488	219	1,707
Ending balance	$ 2,288	$ 25	$ 2,313

	Fiscal Year Ended March 29, 2013		
(In thousands)	Net Change in Foreign Currency Translation Adjustments	Net Change in Derivatives	Accumulated Other Comprehensive Income (Loss)
Beginning balance	$ 1,709	$ (270)	$ 1,439
Current period other comprehensive income (loss), net of tax	(909)	76	(833)
Ending balance	$ 800	$ (194)	$ 606

	Fiscal Year Ended March 30, 2012		
(In thousands)	Net Change in Foreign Currency Translation Adjustments	Net Change in Derivatives	Accumulated Other Comprehensive Income (Loss)
Beginning balance	$ 2,095	$ 182	$ 2,277
Current period other comprehensive income (loss), net of tax	(386)	(452)	(838)
Ending balance	$ 1,709	$ (270)	$ 1,439

Tax amounts related to comprehensive income (loss) disclosures are not material for all of the periods presented.

NOTE 14 SEGMENT INFORMATION

The Company's reporting segments, comprised of the satellite services, commercial networks and government systems segments, are primarily distinguished by the type of customer and the related contractual requirements. The Company's satellite services segment provides retail and wholesale satellite-based broadband services for its consumer, enterprise and mobile broadband customers primarily in the United States. The Company's commercial networks segment develops and produces a variety of advanced end-to-end satellite and other wireless communication systems and ground networking equipment and products, some of which are ultimately used by the Company's satellite services segment. The Company's government systems segment develops and produces network-centric, IP-based secure fixed and mobile government communications systems, products, services and solutions. The more regulated government environment is subject to unique contractual requirements and possesses economic characteristics which differ from the satellite services and commercial networks segments. The Company's segments are determined consistent with the way management currently organizes and evaluates financial information internally for making operating decisions and assessing performance.

Segment revenues and operating (losses) profits for the fiscal years ended April 4, 2014, March 29, 2013 and March 30, 2012 were as follows:

	Fiscal Years Ended		
(In thousands)	**April 4 2014**	**March 29 2013**	**March 30 2012**
Revenues:			
Satellite Services			
Product	$ 42	$ 4,715	$ 2,998
Service	390,666	272,272	219,674
Total	390,708	276,987	222,672
Commercial Networks			
Product	378,577	295,469	229,941
Service	16,944	19,471	21,736
Total	395,521	314,940	251,677
Government Systems			
Product	407,119	364,233	309,125
Service	158,114	163,530	80,153
Total	565,233	527,763	389,278
Elimination of intersegment revenues	—	—	—
Total revenues	$ 1,351,462	$ 1,119,690	$ 863,627
Operating (losses) profits:			
Satellite Services	$ (45,991)	$ (79,172)	$ (16,790)
Commercial Networks	(12,134)	(11,079)	(12,974)
Government Systems	76,038	85,473	50,690
Elimination of intersegment operating profits	—	—	—
Segment operating profit (loss) before corporate and amortization of acquired intangible assets	17,913	(4,778)	20,926
Corporate	—	—	—
Amortization of acquired intangible assets	(14,614)	(15,584)	(18,732)
Income (loss) from operations	$ 3,299	$ (20,362)	$ 2,194

Assets identifiable to segments include: accounts receivable, unbilled accounts receivable, inventory, acquired intangible assets and goodwill. The Company's property and equipment, including its satellites, gateways and other networking equipment, are assigned to corporate assets as they are available for use by the various segments throughout their estimated useful lives. Segment assets as of April 4, 2014 and March 29, 2013 were as follows:

(In thousands)	As of April 4, 2014	As of March 29, 2013
Segment assets:		
Satellite Services	$ 73,382	$ 89,945
Commercial Networks	229,455	175,230
Government Systems	206,848	238,057
Total segment assets	509,685	503,232
Corporate assets	1,450,430	1,290,840
Total assets	$ 1,960,115	$ 1,794,072

Other acquired intangible assets, net and goodwill included in segment assets as of April 4, 2014 and March 29, 2013 were as follows:

	Other Acquired Intangible Assets, Net		Goodwill	
(In thousands)	As of April 4,2014	As of March 29,2013	As of April 4,2014	As of March 29,2013
Satellite Services	$ 28,931	$ 39,989	$ 9,809	$ 9,809
Commercial Networks	2,583	1,520	44,148	43,648
Government Systems	3,883	5,661	29,670	29,543
Total	$ 35,397	$ 47,170	$ 83,627	$ 83,000

Amortization of acquired intangible assets by segment for the fiscal years ended April 4, 2014, March 29, 2013 and March 30, 2012 was as follows:

	Fiscal Years Ended		
(In thousands)	April 4 2014	March 29 2013	March 30 2012
Satellite Services	$ 11,058	$ 12,401	$ 12,951
Commercial Networks	1,337	666	3,224
Government Systems	2,219	2,517	2,557
Total amortization of acquired intangible assets	$ 14,614	$ 15,584	$ 18,732

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Revenue information by geographic area for the fiscal years ended April 4, 2014, March 29, 2013 and March 30, 2012 was as follows:

	Fiscal Years Ended		
(In thousands)	**April 4 2014**	**March 29 2013**	**March 30 2012**
United States	$ 1,044,737	$ 840,899	$ 680,655
Europe, Middle East and Africa	127,696	171,853	114,382
Asia, Pacific	147,063	56,195	22,683
North America other than United States	25,811	39,158	32,657
Central and Latin America	6,155	11,585	13,250
Total revenues	$ 1,351,462	$ 1,119,690	$ 863,627

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 $18.5 million at April 4, 2014 and March 29, 2013.

NOTE 15 CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

John Stenbit, a director of the Company since August 2004, also serves on the board of directors of Loral. The Company's satellite construction contract with SS/L (a subsidiary of Loral prior to November 2012), under which the Company purchased ViaSat-1, requires the Company to make monthly satellite performance incentive payments, including interest, over a fifteen-year period from December 2011 to December 2026, subject to the continued satisfactory performance of the satellite (see Note 10). In addition, the Company entered into a beam sharing agreement with Loral, whereby Loral was responsible for contributing 15% of the total costs 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. In March 2011, Loral entered into agreements with Telesat Canada (an entity owned by TeleSat Holdings, Inc., a joint venture between Loral and the Public Sector Pension Investment Board) pursuant to which Loral assigned to Telesat Canada and Telesat Canada assumed from Loral all of Loral's rights and obligations with respect to the Canadian beams on ViaSat-1. Material amounts related to the satellite construction contract with SS/L and beam sharing agreement with Telesat Canada are disclosed in the tables below.

In addition, from time to time, the Company enters into various contracts in the ordinary course of business with Loral and Telesat Canada. Material amounts related to these contracts are disclosed in the tables below.

Revenue and expense for the fiscal years ended April 4, 2014, March 29, 2013 and March 30, 2012 were as follows:

	Fiscal Years Ended		
(In thousands)	April 4 2014	March 29 2013	March 30 2012
Revenue:			
Loral – ordinary course of business	$ *	$ *	$ 3,983
Expense:			
Telesat Canada – ordinary course of business	7,785	7,685	3,380

*Amount was not meaningful

Cash received and paid during the fiscal years ended April 4, 2014, March 29, 2013 and March 30, 2012 were as follows:

	Fiscal Years Ended		
(In thousands)	April 4 2014	March 29 2013	March 30 2012
Cash received:			
Telesat Canada – beam sharing agreement	$ —	$ —	$ 13,457
Loral – ordinary course of business	*	—	1,194
Telesat Canada – ordinary course of business	*	1,023	2,930
Cash paid:			
SS/L – satellite construction contract (including estimated satellite performance incentives)	**	1,609	4,174
Telesat Canada – ordinary course of business	7,868	7,358	7,606

*Amount was not meaningful

**Effective as of November 2012, SS/L is no longer a related party

VALUATION AND QUALIFYING ACCOUNTS

FOR THE THREE FISCAL YEARS ENDED APRIL 4, 2014

Date (In thousands)	Allowance for Doubtful Accounts
Balance, April 1, 2011	$ 493
Charged (credited) to costs and expenses	1,194
Deductions	(690)
Balance, March 30, 2012	$ 997
Charged (credited) to costs and expenses	1,621
Deductions	(1,184)
Balance, March 29, 2013	$ 1,434
Charged (credited) to costs and expenses	4,591
Deductions	(4,471)
Balance, April 4, 2014	$ 1,554

Date (In thousands)	Deferred Tax Asset Valuation Allowance
Balance, April 1, 2011	$ 12,671
Charged (credited) to costs and expenses	2,024
Deductions	—
Balance, March 30, 2012	$ 14,695
Charged (credited) to costs and expenses	1,270
Deductions	—
Balance, March 29, 2013	$ 15,965
Charged (credited) to costs and expenses	(3,133)
Deductions	—
Balance, April 4, 2014	$ 12,832

MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

PRICE RANGE OF COMMON STOCK

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

	High	Low
FISCAL 2013		
First Quarter	$ 48.88	$ 34.84
Second Quarter	41.20	33.09
Third Quarter	40.74	34.67
Fourth Quarter	51.18	36.97
FISCAL 2014		
First Quarter	$ 73.43	$ 45.18
Second Quarter	73.35	62.05
Third Quarter	68.21	57.37
Fourth Quarter	74.78	55.49

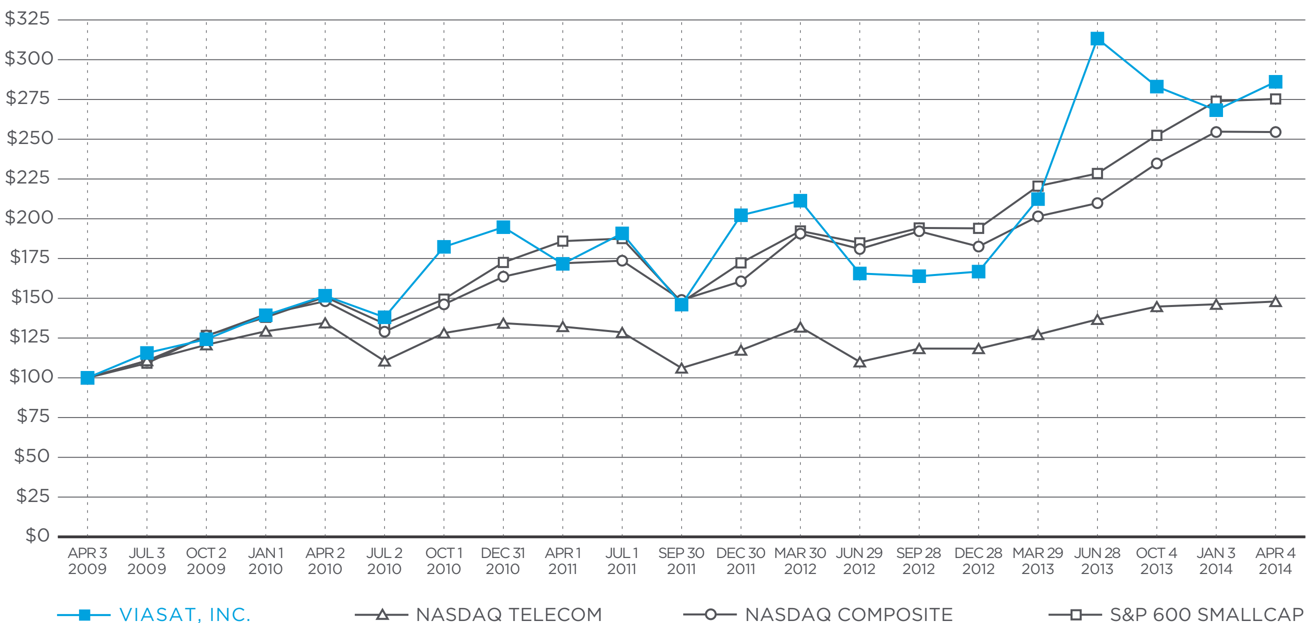
As of May 9, 2014, there were approximately 1,595 holders of record of our common stock. A substantially greater number of holders of ViaSat common stock are "street name" or beneficial holders, whose shares are held of record by banks, brokers and other financial institutions.

DIVIDEND POLICY

To date, we have neither declared nor paid any dividends on our common stock. We currently intend to retain all future earnings, if any, for use in the operation and development of our business and, therefore, do not expect to declare or pay any cash dividends on our common stock in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of the Board of Directors, subject to any applicable restrictions under our debt and credit agreements, and will be dependent upon our financial condition, results of operations, capital requirements, general business condition and such other factors as the Board of Directors may deem relevant.

PERFORMANCE GRAPH

The following graph shows the value of an investment of $100 in cash on April 3, 2009 in (1) ViaSat's common stock, (2) the NASDAQ Telecommunications Index, (3) the NASDAQ Composite Index and (4) the S&P 600 SmallCap Index. The graph assumes that all dividends, if any, were reinvested. The stock price performance shown on the graph is based on historical data and should not be considered indicative of future performance. The information contained under this heading "Performance Graph" shall not be deemed to be "soliciting material," or to be "filed" with the SEC, or subject to Regulation 14A or Regulation 14C or to the liabilities of Section 18 of the Securities Exchange Act of 1934, and shall not be deemed to be incorporated by reference into any filing of ViaSat, except to the extent that ViaSat specifically incorporates it by reference into a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.



USE OF NON-GAAP FINANCIAL INFORMATION

To supplement ViaSat's consolidated financial statements presented in accordance with generally accepted accounting principles (GAAP), ViaSat uses Adjusted EBITDA, a measure ViaSat believes is appropriate to enhance an overall understanding of ViaSat's past financial performance and prospects for the future. We believe Adjusted EBITDA provides useful information to both management and investors by excluding specific expenses that we believe are not indicative of our core operating results. In addition, since we have historically reported non-GAAP results to the investment community, we believe the inclusion of non-GAAP numbers provides consistency in our financial reporting and facilitates comparisons to the company's historical operating results. Further, these non-GAAP results are among the primary indicators that management uses as a basis for evaluating the operating performance of our segments, allocating resources to such segments, planning and forecasting in future periods. The presentation of this additional information is not meant to be considered in isolation or as a substitute for measures of financial performance prepared in accordance with GAAP. A reconciliation of specific adjustments to GAAP results is provided in the table below.

Fiscal Years Ended (In thousands)	April 4 2014	March 29 2013	March 30 2012	April 1 2011
AN ITEMIZED RECONCILIATION BETWEEN NET INCOME (LOSS) ATTRIBUTABLE TO VIASAT, INC. AND ADJUSTED EBITDA IS AS FOLLOWS				
GAAP net (loss) income attributable to ViaSat, Inc.	$ (9,446)	$ (41,172)	$ 7,496	$ 36,115
Benefit from income taxes	(25,947)	(50,054)	(13,651)	(2)
Interest expense, net	37,903	43,820	8,247	2,831
Depreciation and amortization	185,064	157,171	125,511	103,053
Stock-based compensation expense	33,639	27,035	21,382	17,440
Acquisition related expenses	—	—	—	1,379
Loss on extinguishment of debt	—	26,501	—	—
Adjusted EBITDA	$ 221,213	$ 163,301	$ 148,985	$ 160,816

FORWARD-LOOKING STATEMENTS

This Annual 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 economic conditions and performance; the development, customer acceptance and anticipated performance of technologies, products or services; satellite construction activities; the performance and anticipated benefits of the ViaSat-2 satellite; the expected capacity, service, coverage, service speeds and other features of ViaSat-2, and the timing, cost, economics and other benefits associated therewith; anticipated subscriber growth; plans, objectives and strategies for future operations; and other characterizations of future events or circumstances, are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions that are difficult to predict. Factors that could cause actual results to differ include: our ability to realize the anticipated benefits of the ViaSat-2 satellite; unexpected expenses related to the satellite project; our ability to successfully implement our business plan for our broadband satellite services on our anticipated timeline or at all, including with respect to the ViaSat-2 satellite system; risks associated with the construction, launch and operation of ViaSat-2 and our other satellites, including the effect of any anomaly, operational failure or degradation in satellite performance; our ability to successfully develop, introduce and sell new technologies, products and services; negative audits by the U.S. government; continued turmoil in the global business environment and economic conditions; delays in approving U.S. government budgets and cuts in government defense expenditures; our reliance on U.S. government contracts, and on a small number of contracts which account for a significant percentage of our revenues; reduced demand for products and services as a result of continued constraints on capital spending by customers; changes in relationships with, or the financial condition of, key customers or suppliers; our reliance on a limited number of third parties to manufacture and supply our products; increased competition and other factors affecting the communications and defense industries generally; the effect of adverse regulatory changes on our ability to sell products and services; our level of indebtedness and ability to comply with applicable debt covenants; our involvement in litigation, including intellectual property claims and litigation to protect our proprietary technology; our dependence on a limited number of key employees; and other factors identified in our most recent reports on Form 10-K, 10-Q and 8-K and our other filings with the SEC. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.

CORPORATE INFORMATION

Board of Directors

Mark Dankberg
Chairman of the Board and
Chief Executive Officer
ViaSat, Inc.

Robert Bowman
President and Chief Executive Officer
Major League Baseball Advanced Media

Dr. Robert Johnson
Venture Capital Investor

Allen Lay
Private Investor

Dr. Jeffrey Nash
Private Investor

John Stenbit
Private Consultant

Harvey White
Chairman
(SHW)2 Enterprises

Executive Officers

Mark Dankberg
Chairman of the Board and
Chief Executive Officer

Richard Baldridge
President and Chief Operating Officer

Bruce Dirks
Senior Vice President,
Treasury and Corporate Development

Shawn Duffy
Senior Vice President and Chief Financial Officer

Stephen Estes
Senior Vice President, Enterprise Services

Kevin Harkenrider
Senior Vice President, Broadband Services

Steven Hart
Executive Vice President,
Engineering and Chief Technical Officer

Keven Lippert
Executive Vice President,
General Counsel and Secretary

Mark Miller
Executive Vice President and Chief Technical Officer

Ken Peterman
Senior Vice President, Government Systems

John Zlogar
Senior Vice President, Commercial Networks

Annual Meeting

The 2014 Annual Meeting will be held at ViaSat's headquarters, located at 6155 El Camino Real, Founders Hall, Carlsbad, California 92009 on September 17 at 8:30 a.m. Pacific Time.

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP
5375 Mira Sorrento Place, Suite 300
San Diego, California 92121

General Legal Counsel

Latham & Watkins LLP
12670 High Bluff Drive
San Diego, California 92130

Transfer Agent and Registrar

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Investor Relations

For investor information, financial information, SEC filings and other useful information, visit our website at www.viasat.com.

To obtain a printed copy of our Form 10-K without charge, or to receive additional copies of this Annual Report or other financial information, please contact our Investor Relations department at:

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