

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K/A
AMENDMENT NO. 2**

(Mark One)

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

For the fiscal year ended March 31, 2000

OR

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

For the transition period from _____ to _____.

Commission File Number (0-21767)

VIASAT, INC.

(Exact name of registrant as specified in its charter)

**Delaware
(State or other jurisdiction of
incorporation or organization)**

**33-0174996
(I.R.S. Employer
Identification No.)**

**6155 El Camino Real, Carlsbad, California 92009
(760) 476-2200**

(Address, including zip code, and telephone number, including area code, of principal executive offices)

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

None

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

Common Stock, \$.0001 Par Value

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

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

The aggregate market value of the voting stock held by non-affiliates of the registrant, as of June 21, 2000 was approximately \$457,104,430 (based on the closing price for shares of the registrant's Common Stock as reported by the Nasdaq National Market for the last trading day prior to that date). Shares of Common Stock held by each officer, director and holder of 5% or more of the outstanding Common Stock have been excluded in that such persons may be deemed affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of shares outstanding of the registrant's Common Stock, \$.0001 par value, as of June 21, 2000 was 10,860,717.

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The following items of ViaSat, Inc.'s Annual Report on Form 10-K for the fiscal year ended March 31, 2000 are hereby amended. Each such item is set forth in its entirety, as amended.

Part II

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

ViaSat was incorporated in 1986 and completed its initial public offering in 1996. From 1992 to 2000, our total revenues increased at a compounded annual growth rate of approximately 44.5% through internal growth, and not through acquisitions. We have achieved 14 consecutive years of internally generated revenue growth and 13 consecutive years of profitability. Historically, our revenues have been primarily generated from contracts with the U.S. Department of Defense. Our revenues from U.S. Department of Defense applications have grown despite government budgetary constraints. Our commercial business grew from 5% of revenues in fiscal year 1999 to 24% of revenues in fiscal year 2000.

On April 25, 2000, we acquired the Satellite Networks Business, which is expected to increase our revenues and transform us into a predominantly commercial business. Based on the backlog of the Satellite Networks Business, we expect to increase revenues by approximately \$70.0 million in fiscal year 2001. The acquisition will be accounted for by the purchase method of accounting. It is estimated that the intangible assets portion of the purchase price will be \$22.7 million and we currently estimate an economic useful life of 10 years for the intangible assets which will result in amortization expense of approximately \$2.3 million per year.

Our revenue mix for fiscal year 2000 consisted of U.S. Department of Defense (71%), commercial customers (24%), and foreign military sales (5%). To date, our ability to grow and maintain our revenues has depended on obtaining additional sizable contract awards. It is difficult to predict the probability and timing of obtaining these awards. Generally, revenues are recognized as services are performed using the percentage of completion method, measured primarily by costs incurred to date compared with total estimated costs at completion or based on the number of units delivered. We provide for anticipated losses on contracts by charges to income during the period in which they are first identified.

Our products and services are provided primarily through three types of contracts: fixed-price, time-and-materials and cost-reimbursement contracts. Historically, approximately 72.8% for fiscal year 1998, 80.3% for fiscal year 1999, and 79.1% for fiscal year 2000, of our revenues were derived from fixed-price contracts which require us to provide products and services under a contract at a stipulated price. Our proportion of fixed-price contracts has continued to increase as our commercial business has grown and as government customers are increasingly relying on fixed-price awards. The remainder of our annual revenue was derived from cost-reimbursement contracts, under which we are reimbursed for all actual costs incurred in performing the contract to the extent that such costs are within the contract ceiling and allowable under the terms of the contract, plus a fee or profit, and from time-and-materials contracts which reimburse us for the number of labor hours expended at an established hourly rate negotiated in the contract, plus the cost of materials utilized in providing such products or services.

Historically, a significant portion of our revenues has been generated from funded research and development contracts. The research and development efforts are conducted in direct response to the specific requirements of a customer's order 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 were approximately \$25.6 million or 39.9% of our total revenues during fiscal year 1998, \$40.5 million or 56.6% of our total revenues during fiscal year 1999 and \$35.0 million or 46.2% of our total revenues during fiscal year 2000.

We invest in independent research and development, which is not directly funded by a third party. We expense independent research and development costs as they are incurred. Independent research and development expenses consist primarily of salaries and other personnel-related expenses, supplies and prototype materials related to

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research and development programs. Independent research and development expenses were approximately 11.9% of revenues during fiscal year 1998, 10.7% of revenues during fiscal year 1999, and 10.0% of revenues during fiscal year 2000. As a government contractor, we are able to recover a portion of our independent research and development expenses pursuant to our government contracts. The newly acquired Satellite Networks Business has relied heavily on self-financed research and development, and we expect to decrease our proportion of funded research and development in future periods as a result of the acquisition.

Results of Operations

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

	Years Ended March 31,		
	1998	1999	2000
Revenues	100.0%	100.0%	100.0%
Cost of revenues	63.7	61.8	60.0
Gross profit	36.3	38.2	40.0
Operating expenses:			
Selling, general and administrative	12.2	14.1	14.9
Independent research and development	11.9	10.7	10.0

Income from operations	12.2	13.4	15.1
Income before income taxes	13.1	14.2	16.3
Provision for income taxes	4.8	5.4	5.9
Net income	8.2	8.8	10.4

Fiscal Year 2000 Compared to Fiscal Year 1999

Revenues. Revenues increased 6.1% from \$71.5 million for fiscal year 1999 to \$75.9 million for fiscal year 2000. This was primarily due to an increase in our commercial revenues as a result of our recent Science Applications International Corporation (SAIC) and Star Cruises Management Ltd. commercial broadband contracts, offset in part by lower revenues from volumes of selected UHF defense products.

Gross Profit. Gross profit increased 11.0% from \$27.3 million (38.2% of revenues) for fiscal year 1999 to \$30.3 million (40.0% of revenues) for fiscal year 2000. The increase in gross profit was primarily due to an improvement in our commercial margins as a result of greater commercial volumes and increased operating efficiencies in the commercial business.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 11.7% from \$10.1 million (14.1% of revenues) for fiscal year 1999 to \$11.3 million (14.9% of revenues) for fiscal year 2000. The increase in selling, general and administrative expenses reflects increased expenditures relating to the marketing of commercial products, increased business development and bid and proposal expenses for defense programs, and additional administrative staffing. Selling, general and administrative expenses consist primarily of personnel costs and expenses for business development, marketing and sales, bid and proposal, finance, contract administration and general management. Some selling, general and administrative expenses are difficult to predict and vary based on specific government and commercial sales opportunities.

Independent Research and Development. Independent research and development expenses remained at \$7.6 million for both fiscal years but decreased as a percent of revenues (10.7% of revenues for fiscal 1999 and 10.0% for fiscal 2000.) The decrease as a percentage of sales resulted in part from the award of funded development contracts related to our commercial products, and from the overall increase in sales.

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Interest Expense. Interest expense decreased from \$250,000 for fiscal year 1999 to \$157,000 for fiscal year 2000. Interest expense relates to loans for the purchase of capital equipment, which are generally three year variable-rate term loans. Total outstanding equipment loans were \$2.5 million at March 31, 1999 and \$1.2 million at March 31, 2000.

Interest Income. Interest income increased from \$834,000 for fiscal year 1999 to \$1.1 million for fiscal year 2000. This increase resulted from higher average invested cash balances and higher yields, offset in part by a decrease in interest income from overdue government receivables from \$102,000 for fiscal year 1999 to \$45,000 for fiscal year 2000.

Provision for Income Taxes. Our effective income tax rate decreased from 38% for fiscal year 1999 to 36% for fiscal year 2000. The decrease relates primarily to greater than anticipated research and development tax credits in prior years.

Fiscal Year 1999 Compared to Fiscal Year 1998

Revenues. Our revenues increased 11.4% from \$64.2 million in fiscal year 1998 to \$71.5 million in fiscal year 1999. This increase was primarily due to increases in revenues generated by government development and production programs. These increases were partially offset by a decrease in revenues related to our commercial business as we shifted our commercial focus from telephony applications to pursue larger commercial data network opportunities.

Gross Profit. Gross profit increased 17.3% from \$23.3 million (36.3% of revenues) in fiscal year 1998 to \$27.3 million (38.2% of revenues) in fiscal year 1999. The increase in gross profit was primarily the result of increased recovery of independent research and development expenditures and a mix of higher margin products in our sales for fiscal year 1999 relative to the prior year. In addition, some long-term contracts realized higher profits than initially expected. The increases were offset in part by a write-down of StarWire inventory to the lower of cost or market in connection with the shift in our commercial business strategy.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 28.4% from \$7.9 million (12.2% of revenues) in fiscal year 1998 to \$10.1 million (14.1% of revenues) in fiscal year 1999. We increased our business development and administrative staffing in support of both defense and commercial programs. Bid and proposal expenses increased from \$1.5 million in fiscal year 1998 to \$1.8 million in fiscal year 1999.

Independent Research and Development. Independent research and development expenses remained at \$7.6 million for both years, but decreased as a percentage of revenues from 11.9% of revenues in fiscal year 1998 to 10.7% of revenues in fiscal year 1999. The decrease as a percentage of sales resulted from the overall increase in sales.

Interest Expense. Interest expense increased 18.5% from \$211,000 in fiscal year 1998 to \$250,000 in fiscal year 1999. Interest expense relates to loans for the purchase of capital equipment. Total outstanding equipment loans were \$2.6 million at March 31, 1998 and \$2.5 million at March 31, 1999.

Interest Income. Interest income increased 4.6% from \$797,000 in fiscal year 1998 to \$834,000 in fiscal year 1999. Interest income relates to interest earned on cash and short-term investments, as well as overdue government receivables where interest income increased from \$17,000 in fiscal year 1998 to \$102,000 in fiscal year 1999.

Provision for Income Taxes. Our effective income tax rate increased from 37% in fiscal year 1998 to 38% in fiscal year 1999. Our effective income tax rate increased due to expected limitations on our research and development tax credits.

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Backlog

We had firm backlog of \$44.9 million at March 31, 1999, of which \$36.8 million was funded, not including options of \$45.2 million. As of March 31, 2000, we had firm backlog of \$88.2 million, of which \$58.6 million was funded. Of the \$88.2 million in firm backlog at March 31, 2000, approximately \$43.0 million is expected to be delivered in fiscal year 2001, approximately \$29.6 million is expected to be delivered in fiscal year 2002 and the balance is expected to be delivered in fiscal year 2003 and thereafter. The increase in backlog results from growth in total awards for both commercial and defense products from \$43.7 million for fiscal year 1999 to \$119.3 million for fiscal year 2000. We include in our backlog only those orders for which we have accepted purchase orders. Our firm backlog does not include contract options of \$53.3 million. These options include \$44.6 million of Indefinite Delivery/Indefinite Quantity (IDIQ) contracts for our UHF DAMA satellite communications products and \$6.6 million of IDIQ contracts for our other products.

Backlog is not necessarily indicative of future sales. A majority of our backlog from U.S. military contracts scheduled for delivery can be terminated at the convenience of the government since 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 purchase order.

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

Liquidity and Capital Resources

We have financed our operations to date primarily with cash flows from operations, bank line of credit financing, equity financing and loans for the purchase of capital equipment. Cash provided by operating activities was \$3.7 million and \$13.3 million for fiscal year 2000 and fiscal year 1999, respectively. The relative decrease in cash provided from operating activities for fiscal year 2000 compared to the prior year was primarily due to an increase in accounts receivable. The increase in accounts receivable resulted from the high volume of sales in the fourth quarter of fiscal year 2000, and the timing of milestone billings on certain defense contracts. Days sales outstanding were higher during fiscal year 2000 due in part to delays in payments on some government contracts. The payments were delayed due to processing delays at the government paying offices, but have since been paid.

Cash provided from investing activities in fiscal year 2000 was \$9.8 million as compared to cash used in investing activities for the fiscal year 1999 of \$11.4 million. During fiscal year 2000, \$14.7 million in short-term investments matured and were reinvested into investments classified as cash equivalents. This was offset in part by \$4.8 million of purchases of property and equipment in fiscal year 2000, primarily consisting of test equipment and computers.

Cash provided by financing activities for fiscal years 2000 and 1999 was \$25,000 and \$799,000, respectively. This decrease was primarily the result of reduced borrowings for equipment financing, offset in part by increased proceeds from common stock.

At March 31, 1999, we had \$6.0 million in cash and cash equivalents, \$14.8 million in short-term investments, \$31.3 million in working capital and \$2.5 million in long-term debt which consisted of equipment financing. At March 31, 2000, we had \$19.6 million in cash, cash equivalents and short-term investments, \$38.2 million in working capital and \$1.2 million in equipment financing. We had no outstanding borrowings under our line of credit at March 31, 2000.

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We received a commitment from Union Bank of California and Washington Mutual Bank to provide a total credit facility of \$50.0 million for to the acquisition of the Satellite Networks Business. This facility also provided for a secured revolving credit facility of \$25 million for general working capital. We did not use the acquisition financing and are now in the process of negotiating the terms of the \$25 million revolving line of credit facility.

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

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 1999 and 2000 are as follows (in thousands, except per share data):

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1999				
Revenues	\$16,304	\$18,037	\$18,928	\$18,240
Gross profit	6,472	6,809	6,527	7,519
Income from operations	2,177	2,127	2,485	2,806
Net income	1,389	1,377	1,657	1,873
Basic net income per share	0.18	0.17	0.21	0.23
Diluted net income per share	0.17	0.17	0.20	0.23
2000				
Revenues	\$17,035	\$17,017	\$18,041	\$23,787

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-21113, 333-68757 and 333-40396) and Form S-3 of ViaSat, Inc. of our report dated May 16, 2000, relating to the financial statements and financial statement schedule which appear in this Form 10-K/A.

/s/ PRICEWATERHOUSECOOPERS LLP

San Diego, California
October 10, 2001