VIASAT ANNUAL REPORT 2016

A LETTER TO SHAREHOLDERS

FROM MARK DANKBERG

Founders: **Steve Hart** CTO, **Mark Dankberg** Chairman & CEO, **Mark Miller** CTO

DEAR SHAREHOLDERS,

The satellite communications industry is undergoing a major transformation. With great change comes great opportunity, and ViaSat has been able to capitalize on that opportunity. Since fiscal year 2010, we have increased revenue at a compound annual growth rate of 13% and Adjusted EBITDA by 19%. We set a record for revenue again in fiscal year 2016. To earn those results, we too have undergone a transformation, recognizing new dimensions in value for satellite networks in order to deliver high-quality streaming video at affordable prices.

ViaSat's Services Transformation

For our first 25 years, we were a technology hardware company, developing state of the art products and systems used by customers to create and deliver services via third party satellites. Through our work in these areas, we saw that the weakest link in the satellite services delivery chain was in space—the satellites themselves. We believed our system and network technology skills could create new opportunities and redefine satellite broadband services—moving satellite from a service of last resort to a highly sought after broadband internet alternative. We acquired and refined new skills, and created ViaSat-1, a powerful satellite with network capacity advantages to lead a new generation of satellite services for residential, enterprise, government and mobile markets. It was clear to us that the best way to capture economic value would be to use bandwidth as a competitive

A NEW ERA

advantage to deliver superior services—versus just selling the technology to others. In fiscal year 2010, our revenue mix was 85% products and 15% services. By fiscal year 2016, we had more than doubled our revenues, with over 53% of the total coming from our service offerings in government and commercial markets.

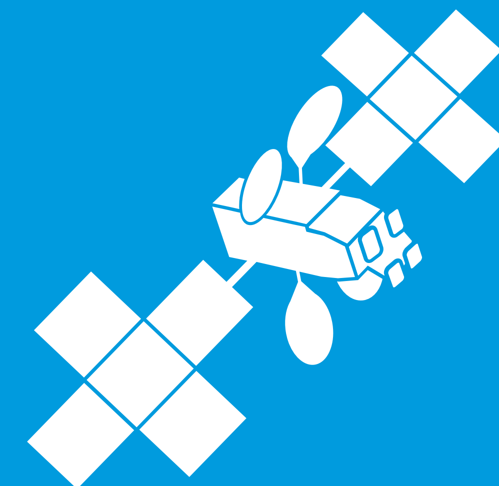
Since its launch in 2011, ViaSat-1 has ushered in a new era in satellite broadband—one we think is still in its early stages. What made ViaSat-1 so successful is video. We created enough capacity to reliably serve live and on-demand IP (Internet Protocol) streaming video, and we delivered it to markets and customers that would otherwise be left out. Video is the force driving the explosion in internet bandwidth demand for networks of all types, and IP is transforming video business models in every domain. A recent Cisco Visual Networking Index forecast projects that just over 80% of all internet traffic will be video by 2020. IP video promotes choice and flexibility—allowing people to watch what they want, when and where they want, on a wide array of devices and formats. There is no problem creating *demand* for IP video—a confluence of powerful market forces has unleashed enormous demand. The key issue for satellite networks is *serving* that demand.

Since its launch in 2011, ViaSat-1 has ushered in a new era in satellite broadband—one we think is still in its early stages."

A Satellite Bandwidth Renaissance

Historically, satellites have been very successful at serving *broadcast video*; while delivering *unicast IP video* has presented enormous challenges. Perched high in space, satellites have large fields of view enabling huge coverage footprints reaching millions of people who can share a single broadcast of hundreds of simultaneous channels. The absolute cost of the bandwidth (in terms of space and ground infrastructure) to support a broadcast feed is high—but the advantage of scale, dividing the cost of that broadcast among millions of viewers, made satellite extremely economically efficient.

An entire industry evolved to leverage that competitive advantage in broadcast video and has paid handsome returns to investors. But now the internet is enabling new evolutions of video entertainment business models. The same physical characteristics that make satellites good at broadcast video make them highly inefficient for unicast IP video. Think of broadcast and unicast as polar opposites—with broadcast sending the same IP feed to many, and unicast sending unique IP feeds to individual users. Satellite design trade-offs enabling better broadcast clash with those enabling better, more cost-effective unicast. Until ViaSat-1, the core value driving satellite network design was coverage, or *reach*. To be sure, the "broadcast" and "reach" value propositions are not going away any time soon. But we see greater growth opportunities in "over the top" internet streaming business models. We aim to drive a satellite services renaissance—and we are already demonstrating that the path to success in this new era of



satellite communications is not simply reach, but having an *abundance of bandwidth*, to enable engaging unicast viewing experiences that offer individual users choice and flexibility.

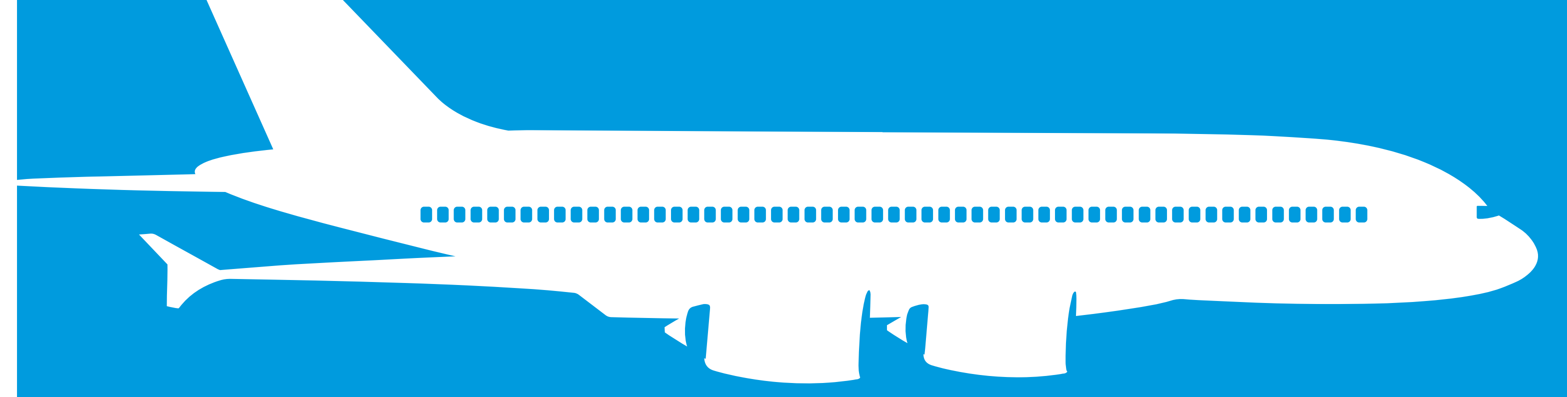
> "We believe the core value of a satellite broadband network is bandwidth."

VALUE

Evolving the Dominant Dimensions of Value for Satellite Networks

In this new era, we believe the core value of a satellite broadband network is capacity, or *bandwidth*. In fact, with ViaSat-1 we actually reduced geographic coverage compared to existing satellites in order to provide much more bandwidth to the people we cover. Think about what that means in the context of prevailing satellite industry system design approaches. We intentionally designed a satellite that was *worse* in the dimension deemed most valuable (coverage) in order to optimize a dimension that was widely considered less important (bandwidth). As a result, we created the most powerful satellite ever built at the time. When combined with our innovative ground network infrastructure, ViaSat-1 achieved the best bandwidth economic performance compared to all existing satellites (higher speeds and more Gigabytes per customer), enabling us to expand our addressable markets and lay the groundwork for even more powerful next-generation satellites.

If bandwidth becomes the new key dimension of value for satellite networks, then the value of existing spacecraft that don't optimize bandwidth is necessarily diminished in that context. In a stable broadcast-centric environment, satellite operators could maximize return on shareholder equity by leveraging predictable broadcast services cash flow. But those leveraged capital structures depend on existing assets to generate cash at a consistent rate to service debt—while video markets are roiled by IP streaming demand. It's not surprising, therefore, that broadcast-centric satellite operators don't fully embrace unicast bandwidth efficiency as the way to measure the value of satellite assets. In order to preserve the cash flow from existing satellites, operators often focus on applications that are not bandwidth intensive—like broadcast, voice, e-mail or basic web browsing. While newly coined "High Throughput Satellites" are more bandwidth efficient than their broadcast-centric existing fleets, these satellites still have much less bandwidth than ViaSat-1. We don't believe that improving bandwidth from about 1 Gigabit per second (Gbps) per satellite to 10 or 20 Gbps is impactful when ViaSat-1



already delivers 140 Gbps and the IP streaming market is demanding even more. To put this into perspective, imagine you have a DSL service delivering 256 Kbps and your phone company offers to increase that to 2 Mbps. Yes, it is better, but it still doesn't compete with a cable modem delivering 20 Mbps.

To make things even more complicated, an entire distribution ecosystem evolved around the premise that satellite bandwidth is scarce, and as a result, expensive. We've found that not only are satellite operators rationally motivated to preserve assets, business models, technologies and skills that capitalize on scarcity of bandwidth—so are the service delivery chains that bring that bandwidth to end markets. Often satellite service resellers have long-term "take or pay" lease contracts for expensive bandwidth, which means they are also invested in scarcity. Vertical integration is the way around these obstacles to engage users with bandwidth-intensive services. And no satellite operator in the world is as vertically integrated as ViaSat in terms of developing and delivering satellite services to multiple market segments in forms optimized for each.

PURPOSE

These market dynamics are playing out clearly in the commercial in-flight connectivity market. Demand for in-flight connectivity has grown dramatically in the last decade. Almost every flight in the U.S. has as many Wi-Fi-enabled mobile devices as passengers. Faced with high demand and scarce bandwidth, incumbent service resellers have actually *raised* prices and blocked popular applications including streaming music and video to *suppress* bandwidth demand. In contrast, we've used our abundant bandwidth with passenger-friendly airlines like JetBlue and Virgin America to enable *free* access including video streaming from Amazon Prime and Netflix to *satisfy* demand. **You have to ask the question: when more and more of the purpose of the internet is to deliver video—what is the value of the internet without video?** Not surprisingly, other airlines have taken notice, and most recently, American Airlines—the world's largest airline—has joined with us to embrace and extend the power of the entire internet

> "When more and more of the purpose of the internet is to deliver video—what is the value of the internet without video?"

to more of its passengers. And, as with terrestrial markets, the power of internet-delivered video enables entirely new and more satisfying business models for in-flight entertainment of all types—live TV, video on demand, premium early windowed movies and more.

Bandwidth Abundance for Fueled Growth

We're excited and encouraged by the market success and financial results we've achieved through the bandwidth abundance created by ViaSat-1. But what's most exciting is that ViaSat-1 is just the beginning. ViaSat-2, to be launched in fiscal year 2017, is not only expected to have more than double the effective bandwidth of ViaSat-1, it is also expected to make significant improvements in geographic coverage, operational flexibility and reliability. We believe that our vertical integration makes us uniquely suited to advance the broad array of network, system and device technologies needed to achieve gains across consumer, enterprise and government services markets. We believe bandwidth is the fuel that will drive sustained growth. And we believe we can still achieve another order of magnitude in performance gains. That confidence is the result of research and development (R&D) investments we've been making for the last eight years in even more advanced payload and network technologies. In fiscal year 2016, we started construction on our first two ViaSat-3 class satellite platforms. Each of those has the potential to deliver four or more times the bandwidth effectiveness of ViaSat-2, with even greater operational flexibility, reliability and geographic coverage.

We aim to drive a satellite services renaissance...the path to success in this new era of satellite communications is having an abundance of bandwidth."

SUCCESS

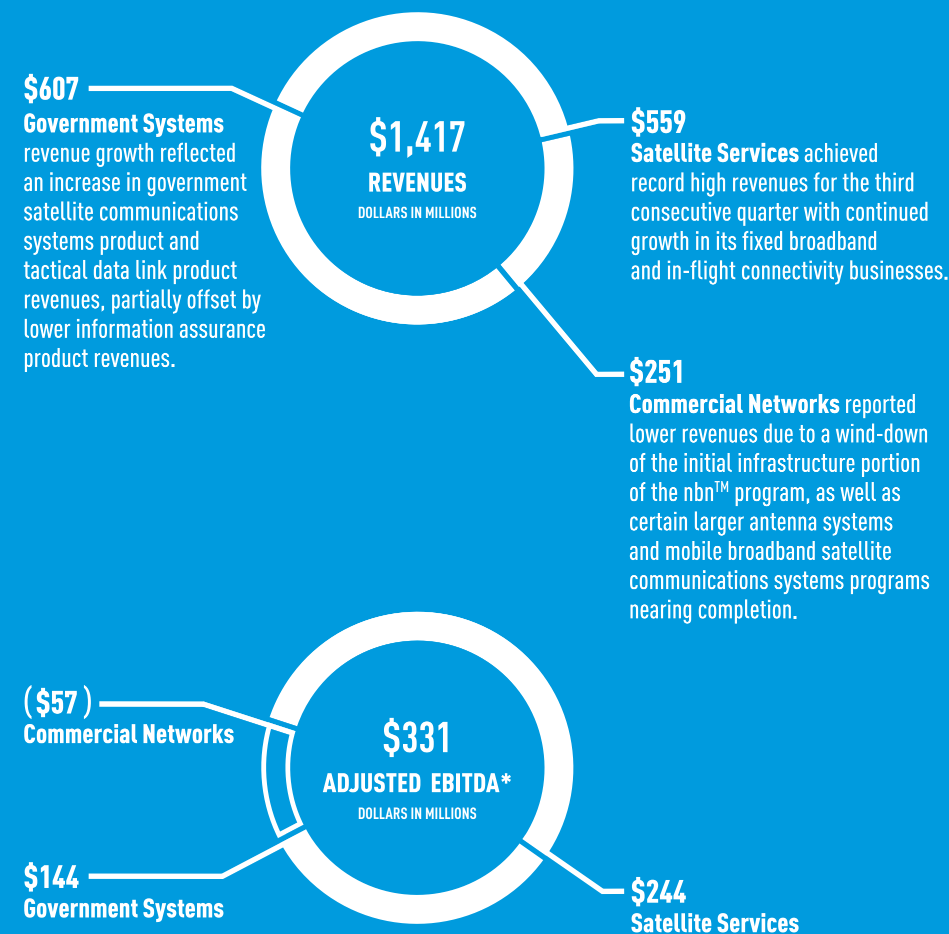
Satellite networks *are* rocket science. They are incredibly complicated and the myriad of conflicting claims from competing satellite systems and resellers only adds to the confusion. But our investment thesis is simple: **In a unicast IP world, bandwidth efficiency—measured simply as capital cost per unit of bandwidth delivered to high demand geographic markets—is the most important way to assess the value of the satellite networks of the future.** We think the market, and our performance, are bearing this out.

We believe we have a compelling opportunity to create value from the transformation currently underway in satellite communications. We are leveraging our capital cost advantage to expand historical industry

ViaSat's Fiscal Year 2016

EARNINGS

FINANCIAL SUMMARY



* See page 70 for reconciliations of Adjusted EBITDA to net income (loss) attributable to ViaSat, Inc. and segment Adjusted EBITDA to segment operating profit (loss) before corporate and amortization of acquired intangible assets.

LOOKING AHEAD

ViaSat-2

Testing to date is consistent with achieving our design targets for capacity and perfomance. Scheduled to launch fiscal year 2017.

ViaSat-3

- ☑ Global coverage
- ☑ Best bandwidth economics
- ☑ Flexible coverage to meet shifting demand
- ☑ First two ViaSat-3 class satellites scheduled for 2019/2020

SATELLITE SERVICES

697K Broadband Internet Subscribers

476 Commercial Aircraft in Service

ViaSat is honored to bring the best Wi-Fi in the sky to leading airlines worldwide

COMMERCIAL NETWORKS

nbn successfully launched its first satellite internet service leveraging ViaSat's ground network + terminals

Construction commenced on two ViaSat-3 class satellites

GOVERNMENT SYSTEMS

400 Government Aircraft in Service

1.5:1 Book-to-Bill Ratio

boundaries and enter new addressable markets where we are competing not only with other satellites, but with terrestrial networks too. We are investing substantially in intellectual property protection, proprietary system and network technologies, new payload manufacturing facilities, capital investments in satellites and ground infrastructure and certifications for aeronautical terminal installations. We understand those investments constrain our near-term earnings, but the stakes are much higher than a single quarter or fiscal year. For over 30 years, we and our shareholders have been rewarded for our resolve to invest in long-term growth—and the ability to execute on those growth strategies. We're enthusiastic about our opportunities now more than ever.

We believe we have a compelling opportunity to create value from the transformation currently underway in satellite communications. We are leveraging our capital cost advantage to expand industry boundaries and enter new addressable markets..."

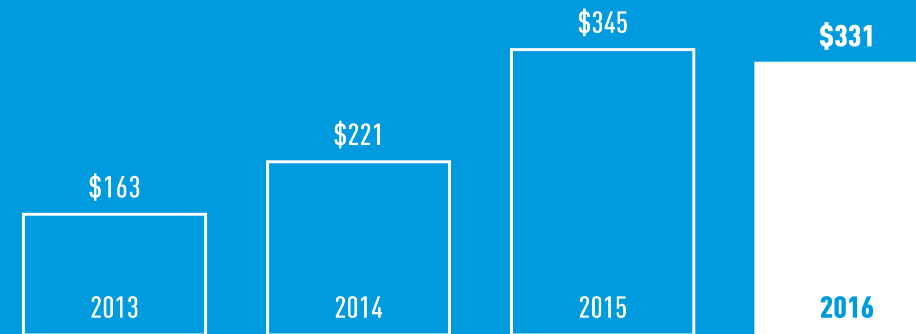
GROWTH

As always, we want to thank our customers and partners for the opportunities they enable, our very dedicated employees for the commitment they show in bringing our services and products to market and our investors for their confidence in us. We're looking forward to another exciting year!

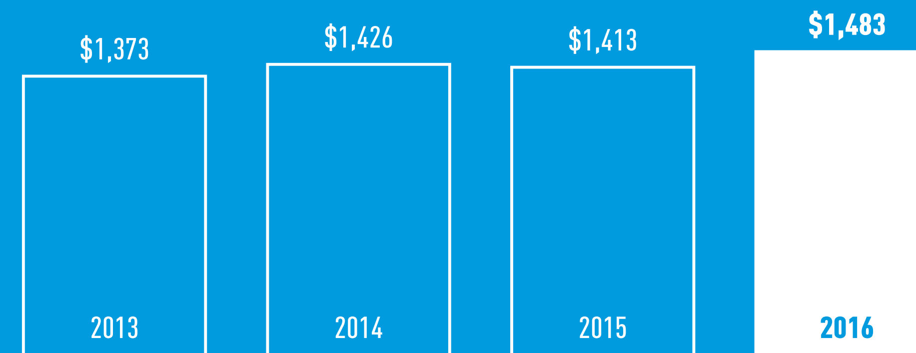
Sincerely,

Mark Dankberg
Chairman of the Board and Chief Executive Officer

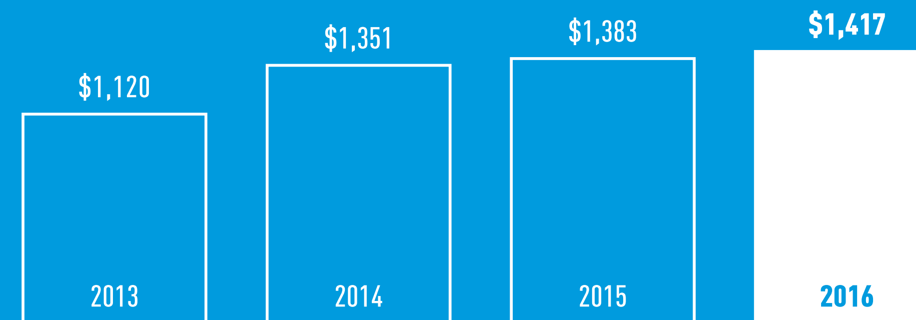
FINANCIAL SUMMARY



ADJUSTED EBITDA* dollars in millions
FISCAL YEAR



NEW CONTRACT AWARDS dollars in millions
FISCAL YEAR



REVENUES dollars in millions
FISCAL YEAR

*See page 70 for a reconciliation of Adjusted EBITDA to net income (loss) attributable to ViaSat, Inc.

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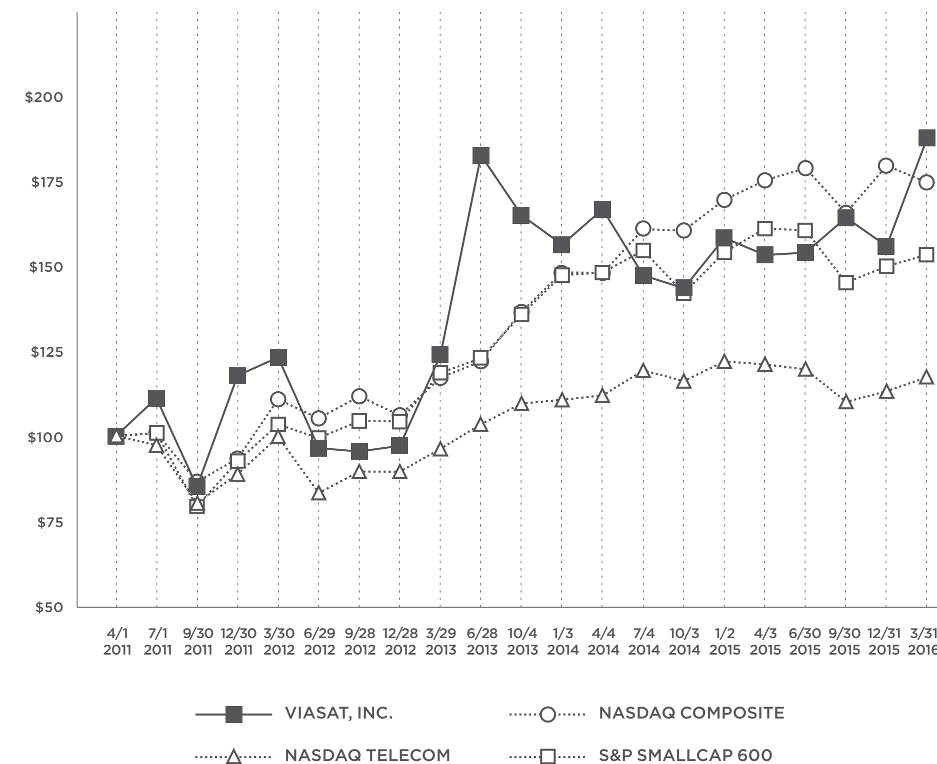
FINANCIAL PERFORMANCE

PERFORMANCE GRAPH

The following graph shows the value of an investment of $100 in cash on April 1, 2011 in (1) ViaSat's common stock, (2) the NASDAQ Telecommunications Index, (3) the NASDAQ Composite Index and (4) the S&P SmallCap 600 Index. In May 2016, ViaSat common stock was moved from the S&P SmallCap 600 Index to the S&P MidCap 400 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.



SELECTED FINANCIAL DATA

The following table provides our selected financial information for each of the fiscal years in the five-year period ended March 31, 2016. The data as of and for each of the fiscal years in the five-year period ended March 31, 2016 have been derived from our audited consolidated financial statements, except as otherwise noted. You should consider the financial statement data provided below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes which are included elsewhere in this Annual Report.

	Fiscal Years Ended				
	March 31, 2016	April 3, 2015	April 4, 2014	March 29, 2013	March 30, 2012
	(In thousands, except per share data)				
Consolidated Statements of Operations Data:					
Revenues:					
Product revenues	$ 664,821	$ 728,074	$ 785,738	$ 664,417	$ 542,064
Service revenues	752,610	654,461	565,724	455,273	321,563
Total revenues	1,417,431	1,382,535	1,351,462	1,119,690	863,627
Operating expenses:					
Cost of product revenues	489,246	519,483	571,855	484,973	402,794
Cost of service revenues	495,099	444,431	419,425	363,188	233,187
Selling, general and administrative	298,345	270,841	281,533	240,859	181,728
Independent research and development	77,184	46,670	60,736	35,448	24,992
Amortization of acquired intangible assets	16,438	17,966	14,614	15,584	18,732
Income (loss) from operations	41,119	83,144	3,299	(20,362)	2,194
Interest expense, net	(23,522)	(29,426)	(37,903)	(43,820)	(8,247)
Loss on extinguishment of debt	—	—	—	(26,501)	—
Income (loss) before income taxes	17,597	53,718	(34,604)	(90,683)	(6,053)
(Benefit from) provision for income taxes	(4,173)	13,827	(25,947)	(50,054)	(13,651)
Net income (loss)	21,770	39,891	(8,657)	(40,629)	7,598
Less: Net income (loss) attributable to noncontrolling interest, net of tax	29	(472)	789	543	102
Net income (loss) attributable to ViaSat, Inc.	$ 21,741	$ 40,363	$ (9,446)	$ (41,172)	$ 7,496
Basic net income (loss) per share attributable to ViaSat, Inc. common stockholders	$ 0.45	$ 0.86	$ (0.21)	$ (0.94)	$ 0.18
Diluted net income (loss) per share attributable to ViaSat, Inc. common stockholders	$ 0.44	$ 0.84	$ (0.21)	$ (0.94)	$ 0.17
Shares used in computing basic net income (loss) per share	48,464	47,139	45,744	43,931	42,325
Shares used in computing diluted net income (loss) per share	49,445	48,285	45,744	43,931	44,226
Consolidated Balance Sheets Data:					
Cash and cash equivalents	$ 42,088	$ 52,263	$ 58,347	$ 105,738	$ 172,583
Working capital (1)	243,345	223,414	219,083	272,660	306,794
Total assets (1)	2,405,846	2,158,378	1,960,115	1,794,072	1,727,153
Senior notes, net	581,374	582,657	583,861	584,993	547,791
Other long-term debt	372,688	223,736	105,900	1,456	774
Other liabilities	37,371	39,995	48,893	52,640	50,353
Total ViaSat, Inc. stockholders' equity	1,129,103	1,038,582	941,012	903,001	887,975

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

Our fiscal year 2013 information presented reflects the repurchase and redemption of our former 8.875% Senior Notes due 2016 and the associated $26.5 million loss on extinguishment of debt. Our fiscal year 2015 information presented reflects the amounts realized under our settlement agreement with Space Systems/Loral (SS/L) and Loral Space & Communications, Inc. (Loral) (the Settlement Agreement) of $53.7 million, of which $33.0 million was recognized as product revenues in our satellite services segment, $18.7 million was recognized as a reduction to selling, general and administrative (SG&A) expenses in our satellite services segment, and $2.0 million was recognized as interest income in the consolidated financial statements. Our fiscal year 2016 reflects the amounts realized under our settlement agreement with the Settlement Agreement of $27.5 million, of which $25.3 million was recognized as product revenues in our satellite services segment, and $2.2 million was recognized as interest income in the consolidated financial statements. Refer to Note 12 to the consolidated financial statements for discussion of the amounts realized under the Settlement Agreement.

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

Company Overview

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

Satellite Services

Our satellite services segment provides satellite-based high-speed broadband services to consumers, enterprises, commercial airlines and mobile broadband customers primarily in the United States. Our Exede® broadband services offer high-speed, high-quality broadband internet access across the contiguous United States. We also offer similar services for a growing number of commercial and business aircraft both in the United States and abroad. Our satellite services business also provides a platform for the provision of network management services to domestic and international satellite service providers. Our satellite services business uses our proprietary technology platform to provide broadband services with multiple applications. Our proprietary Ka-band satellites are at the core of our technology platform. In May 2013, we entered into a satellite construction contract for our ViaSat-2 satellite, our second-generation high-capacity Ka-band satellite design. In addition, construction has commenced on two ViaSat-3 class satellites, our third-generation high-capacity Ka-band satellite design, pursuant to a limited authorization to proceed.

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

- Fixed broadband services under the Exede and WildBlue® brands offered to consumers and businesses primarily in the United States, which provide users with high-speed broadband internet access and Voice over Internet Protocol (VoIP) services. As of March 31, 2016, we provided broadband internet services to approximately 697,000 consumer and small business subscribers.
- In-flight broadband services including our flagship Exede in the Air service. As of March 31, 2016, 476 commercial aircraft were in service utilizing our Exede in-flight broadband services.
- Mobile broadband services under the Yonder® brand, which provide global network management and high-speed internet connectivity services for customers using airborne, maritime and ground-mobile satellite systems.
- Enterprise broadband services, which include business connectivity, live on-line event streaming, oil and natural gas data gathering services and high-definition satellite news gathering.

In February 2016, we entered into a framework and subscription agreement (the Framework Agreement) with Eutelsat S.A. (together with its affiliates, Eutelsat), pursuant to which we have agreed to enter into a strategic partnering arrangement with Eutelsat to own and operate satellite broadband infrastructure and equipment and provide satellite-based broadband internet services in the European region. The arrangement will consist of two entities coordinating efforts to expand the European broadband market: an entity to be owned 51% by Eutelsat and 49% by ViaSat following the closing will own and operate Eutelsat's KA-SAT satellite and related assets and offer wholesale satellite capacity services in the European region; and an entity to be owned 51% by ViaSat and 49% by Eutelsat following the closing will purchase wholesale satellite capacity services and offer retail satellite-based broadband internet services in the European region. At the closing under the Framework Agreement, Eutelsat will contribute and transfer assets relating to Eutelsat's existing wholesale satellite broadband business (including its KA-SAT satellite) to a newly formed subsidiary of Eutelsat in exchange for the issuance of new shares in such subsidiary, and following such contribution and issuance, we will purchase 49% of the issued shares of Eutelsat's subsidiary from Eutelsat for €132.5 million and, similarly, Eutelsat will purchase 49% of the issued shares of a second newly formed subsidiary of ViaSat for an immaterial amount. Also at the closing, we and Eutelsat will enter into shareholders' agreements and other ancillary agreements with respect to the ownership, management and operation of the two entities. The closing of the transactions under the Framework Agreement is subject to customary conditions, including the receipt of required regulatory approvals and third-party consents. We currently anticipate that the closing will occur in the second quarter of fiscal year 2017.

In September 2014, we entered into the Settlement Agreement with SS/L and Loral, pursuant to which SS/L and Loral are required to pay us a total of $108.7 million, inclusive of interest, over a two and a half year period from the date of settlement. In exchange, we dismissed both lawsuits against SS/L and Loral. The parties further agreed not to sue each other with respect to the patents and intellectual property that were the subject of the lawsuits and, for a period of two years, not to sue each other or each other's customers for any intellectual property claims. We record payments under the Settlement Agreement as product revenues and as a reduction of SG&A expenses in our satellite services segment, and as interest income. For further information, see Note 12 to the consolidated financial statements.

Commercial Networks

Our commercial networks segment develops and produces a variety of advanced end-to-end satellite and wireless communication systems, ground networking equipment and space-to-earth connectivity systems. We design and build customized fixed and mobile satellite communication systems capable of serving a variety of markets and applications. In addition, we offer an array of ground networking equipment and products, including customer premise equipment (CPE), satellite modems, antenna technologies, earth stations and satellite networking hubs. Our communication systems, networking equipment and products are generally developed through a combination of customer and discretionary internal research and development funding, are utilized to provide services through our satellite services segment and are also sold to commercial networks customers.

Our communication systems, ground networking equipment and products 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 specializing in earth imaging, remote sensing, mobile satellite communication, Ka-band earth stations 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 Department of Defense (DoD), allied foreign governments, domestic and allied armed forces, public safety first-responders and remote government employees.

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

- Government mobile broadband products and services, which provide military and government users with high-speed, real-time, broadband and multimedia connectivity in key regions of the world.
- 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 Reconnaissance (ISR) and Command and Control (C2) missions, satellite networking services, network management systems for Wi-Fi and other internet access networks and global mobile broadband capability, and include products designed for manpacks, aircraft, unmanned aerial vehicles (UAVs), seagoing vessels, ground-mobile vehicles and fixed applications.
- Cybersecurity and information assurance products, 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 our Battlefield Awareness and Targeting System – Dismount (BATS-D) handheld link radios, Multifunctional Information Distribution System (MIDS) terminals for military fighter jets and their successor, MIDS Joint Tactical Radio System (MIDS-JTRS) terminals, "disposable" weapon data links and other portable small tactical terminals.

Sources of Revenues

Our satellite services segment revenues are primarily derived from our domestic 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 90%, 90% and 92% of our total revenues for these segments for fiscal years 2016, 2015 and 2014, 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 in our commercial networks and government systems segments has been derived from customer contracts that include the research and development of products. The research and development efforts are conducted in direct response to the customer's specific requirements and, accordingly, expenditures related to such efforts are included in cost of sales when incurred and the related funding (which includes a profit component) is included in revenues. Revenues for our funded research and development from our customer contracts were approximately 20%, 23% and 31% of our total revenues during fiscal years 2016, 2015 and 2014, 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 5% of total revenues in fiscal years 2016, 2015 and 2014, respectively. As a government contractor, we are able to recover a portion of our IR&D expenses pursuant to our government contracts.

Approximately 15%, 17% and 23% of our total revenues in fiscal years 2016, 2015 and 2014, respectively, were derived from international sales. Doing business internationally creates additional risks related to global political and economic conditions and other factors identified under the heading "Risk Factors" in our most recent Annual Report on Form 10-K.

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 2016, 2015 and 2014, we recorded losses of approximately $5.1 million, $0.6 million and $3.3 million, respectively, related to loss contracts.

Assuming the initial estimates of sales and costs under a contract are accurate, the percentage-of-completion method results in the profit margin being recorded evenly as revenue is recognized under the contract. Changes in these underlying estimates due to revisions in sales and future cost estimates or the exercise of contract options may result in profit margins being recognized unevenly

over a contract as such changes are accounted for on a cumulative basis in the period estimates are revised. We believe we have established appropriate systems and processes to enable us to reasonably estimate future costs on our programs through regular evaluations of contract costs, scheduling and technical matters by business unit personnel and management. Historically, in the aggregate, we have not experienced significant deviations in actual costs from estimated program costs, and when deviations that result in significant adjustments arise, we disclose the related impact in Management's Discussion and Analysis of Financial Condition and Results of Operations. However, these estimates require significant management judgment and a significant change in future cost estimates on one or more programs could have a material effect on our results of operations. A one percent variance in our future cost estimates on open fixed-price contracts as of March 31, 2016 would change our income before income taxes by approximately $0.4 million.

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

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

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

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

Collections in excess of revenues and deferred revenues represent cash collected from customers in advance of revenue recognition and are recorded in accrued liabilities for obligations within the next 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 accrued liabilities 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 earth stations, network operations systems and other assets to support our satellites, and those construction costs, including interest, are capitalized as incurred. At the time satellites are placed in service, we estimate the useful life of our satellites for depreciation purposes based upon an analysis of each satellite's performance against the original manufacturer's orbital design life, estimated fuel levels and related consumption rates, as well as historical satellite operating trends.

We own two satellites: ViaSat-1 (our first-generation high-capacity Ka-band spot-beam satellite, which was placed into service in January 2012) and WildBlue-1 (which was placed into service in March 2007). In May 2013, we entered into a satellite construction contract for our ViaSat-2 satellite, our second-generation high-capacity Ka-band satellite design. In addition, construction has commenced on two ViaSat-3 class satellites, our third-generation high-capacity Ka-band satellite design, pursuant to a limited authorization to proceed. In addition, we have an exclusive prepaid lifetime capital lease of Ka-band capacity over the contiguous United States on Telesat Canada's Anik F2 satellite (which was placed into service in April 2005) and own related earth stations and networking equipment for all of our satellites. Property and equipment also includes the CPE units leased to subscribers under a retail leasing program as part of our satellite services segment.

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

In accordance with the authoritative guidance for impairment or disposal of long-lived assets (ASC 360), we assess potential impairments to our long-lived assets, including property, equipment and satellites and other assets, when there is evidence that events or changes in circumstances indicate that the carrying value may not be recoverable. We periodically review the remaining estimated useful life of the satellite to determine if revisions to the estimated life are necessary. We recognize an impairment loss when the undiscounted cash flows expected to be generated by an asset (or group of assets) are less than the asset's carrying value. Any required impairment loss would be measured as the amount by which the asset's carrying value exceeds its fair value, and would be recorded as a reduction in the carrying value of the related asset and charged to results of operations. No material impairments were recorded by us for fiscal years 2016, 2015 and 2014.

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

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

Based on our qualitative assessment performed during the fourth quarter of fiscal year 2016, we concluded that it was more likely than not that the estimated fair value of our reporting units exceeded their carrying value as of March 31, 2016 and, therefore, determined it was not necessary to perform the two-step goodwill impairment test.

Income taxes and valuation allowance on deferred tax assets

Management evaluates the realizability of our deferred tax assets and assesses the need for a valuation allowance on a quarterly basis to determine if the weight of available evidence suggests that an additional valuation allowance is needed. In accordance with the authoritative guidance for income taxes (ASC 740), net deferred tax assets are reduced by a valuation allowance if, based on all the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. In the event that our estimate of taxable income is less than that required to utilize the full amount of any deferred tax asset, a valuation allowance is established which would cause a decrease to income in the period such determination is made. Our valuation allowance against deferred tax assets increased from $15.6 million at April 3, 2015 to $17.1 million at March 31, 2016. The valuation allowance primarily relates to state net operating loss carryforwards and research and development tax credit carryforwards available to reduce state income taxes.

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

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

Results of Operations

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

	Fiscal Years Ended		
	March 31, 2016	April 3, 2015	April 4, 2014
Revenues:	100.0%	100.0%	100.0%
Product revenues	46.9	52.7	58.1
Service revenues	53.1	47.3	41.9
Operating expenses:			
Cost of product revenues	34.5	37.6	42.3
Cost of service revenues	34.9	32.1	31.0
Selling, general and administrative	21.0	19.6	20.8
Independent research and development	5.4	3.4	4.6
Amortization of acquired intangible assets	1.2	1.3	1.1
Income from operations	2.9	6.0	0.2
Interest expense, net	(1.7)	(2.1)	(2.8)
Income (loss) before income taxes	1.2	3.9	(2.6)
(Benefit from) provision for income taxes	(0.3)	1.0	(2.0)
Net income (loss)	1.5	2.9	(0.6)
Net income (loss) attributable to ViaSat, Inc.	1.5	2.9	(0.7)

Fiscal Year 2016 Compared to Fiscal Year 2015

Revenues

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

Our total revenues grew by $34.9 million as a result of a $98.1 million increase in service revenues, partially offset by a $63.3 million decrease in product revenues. The service revenue increase was comprised of an increase of $67.3 million in our satellite services segment, $24.8 million in our government systems segment and $6.0 million in our commercial networks segment. The product revenue decrease was comprised of decrease of $102.4 million in our commercial networks segment and $8.0 million in our satellite services segment (mainly related to the Settlement Agreement, which we entered into during the second quarter of fiscal year 2015 — see Note 12 to the consolidated financial statements), partially offset by an increase of $47.1 million in our government systems segment.

Cost of revenues

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

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

Selling, general and administrative expenses

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

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

Independent research and development

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

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

Amortization of acquired intangible assets

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

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

Interest income

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

Interest expense

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

(Benefit from) provision for income taxes

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

Segment Results for Fiscal Year 2016 Compared to Fiscal Year 2015

Satellite services segment

Revenues

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

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

Segment operating profit

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

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

Commercial networks segment

Revenues

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

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

Segment operating loss

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

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

Government systems segment

Revenues

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

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

Segment operating profit

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

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

Fiscal Year 2015 Compared to Fiscal Year 2014

Revenues

(In millions, except percentages)	Fiscal Years Ended April 3, 2015	Fiscal Years Ended April 4, 2014	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Product revenues	$ 728.1	$ 785.7	$ (57.7)	(7.3)%
Service revenues	654.5	565.7	88.7	15.7%
Total revenues	$ 1,382.5	$ 1,351.5	$ 31.1	2.3%

Our total revenues grew by $31.1 million as a result of an $88.7 million increase in service revenues, offset by a $57.7 million decrease in product revenues. The service revenue increase was comprised primarily of $75.6 million in our satellite services segment and $14.0 million in our government systems segment. The product revenue decrease was driven by a decrease of $47.5 million in our commercial networks segment and $43.7 million in our government systems segment, offset by an increase of $33.5 million in our satellite services segment (related to the Settlement Agreement).

Cost of revenues

(In millions, except percentages)	Fiscal Years Ended April 3, 2015	Fiscal Years Ended April 4, 2014	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Cost of product revenues	$ 519.5	$ 571.9	$ (52.4)	(9.2)%
Cost of service revenues	444.4	419.4	25.0	6.0%
Total cost of revenues	$ 963.9	$ 991.3	$ (27.4)	(2.8)%

Cost of revenues decreased by $27.4 million due to a $52.4 million cost of product revenues decrease, offset by a $25.0 million cost of service revenues increase. The cost of product revenues decrease was primarily due to decreased revenues, causing a $66.0 million decrease in cost of product revenues on a constant margin basis, prior to the effects of product revenues related to the implied license under the Settlement Agreement. This cost of product revenues decrease mainly related to our government satellite communications systems (driven by command and control situational awareness) in our government systems segment and fixed satellite networks (driven by consumer broadband products) in our commercial networks segment. The $66.0 million decrease in cost of product revenues on a constant margin basis was offset by lower margins from our commercial networks segment from fixed satellite networks (driven by consumer broadband products), mobile broadband satellite communication systems products and antenna systems products. The cost of service revenues increase was primarily due to increased service revenues, generating a $65.8 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. However, 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, which partially offset the cost of service growth. Additionally, the cost of service growth was partially offset by improved margins in our government systems segment related to our government satellite communication systems services (mainly due to global mobile broadband services) and the addition of our network management services for Wi-Fi and other internet access networks (relating to NetNearU).

Selling, general and administrative expenses

(In millions, except percentages)	Fiscal Years Ended April 3, 2015	Fiscal Years Ended April 4, 2014	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Selling, general and administrative	$ 270.8	$ 281.5	$ (10.7)	(3.8)%

The $10.7 million decrease in SG&A expenses was primarily attributable to the recognition of $18.7 million of payments made under the Settlement Agreement as a reduction to SG&A expenses and a decrease in legal expense as a result of the settlement of the litigation with SS/L and its former parent company Loral during the second quarter of fiscal year 2015. The decrease in SG&A expenses was partially offset by an increase in new business proposal costs of $9.1 million (mainly due to our government systems segment) and an increase in other support costs (spread across our government systems and commercial networks segments). SG&A expenses consisted primarily of personnel costs and expenses for business development, marketing and sales, bid and proposal, facilities, finance, contract administration and general management.

Independent research and development

(In millions, except percentages)	Fiscal Years Ended April 3, 2015	Fiscal Years Ended April 4, 2014	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Independent research and development	$ 46.7	$ 60.7	$ (14.1)	(23.2)%

The $14.1 million decrease in IR&D expenses reflected decreased IR&D efforts in our government systems segment of $7.8 million (primarily due to a decrease in advancement of integrated government satellite communications platforms and development of next-generation dual band mobility solutions, offset by an increase in tactical data link development projects and information assurance projects) and a decrease in our commercial networks segment of $5.4 million (primarily due to a decrease in next-generation consumer broadband, offset by an increase in mobile broadband satellite communication systems).

Amortization of acquired intangible assets

We amortize our acquired intangible assets from prior acquisitions over their estimated useful lives ranging from two to ten years. The increase in amortization of acquired intangible assets of $3.4 million in fiscal year 2015 compared to last fiscal year was primarily the result of our acquisition of NetNearU in June 2014. Expected amortization expense for acquired intangible assets for each of the following periods is as follows:

	Amortization (In thousands)
Expected for fiscal year 2016	$ 15,135
Expected for fiscal year 2017	7,821
Expected for fiscal year 2018	6,487
Expected for fiscal year 2019	3,974
Expected for fiscal year 2020	2,942
Thereafter	5,981
	$ 42,340

Interest income

The $2.0 million increase in interest income in fiscal year 2015 compared to fiscal year 2014 was primarily due to the recognition of $2.0 million of payments made under the Settlement Agreement as interest income.

Interest expense

The decrease in interest expense year-over-year of $6.5 million was primarily due to an increase of $8.1 million in the amount of interest capitalized. This decrease was partially offset by increased interest expense on outstanding borrowings under our revolving credit facility (the Revolving Credit Facility) during fiscal year 2015 due primarily to higher outstanding balances compared to the prior year period. Capitalized interest expense during the fiscal years ended 2015 and 2014 related to the construction of ViaSat-2 and other assets.

Provision for (benefit from) income taxes

The effective income tax expense in fiscal year 2015 reflected the tax expense from the income before income taxes and the benefit from federal and state research tax credits. Fiscal year 2015 includes twelve months of federal research tax credit including three months from fiscal year 2014 and nine months from fiscal year 2015 as a result of the Tax Increase Prevention Act of 2014 enacted on December 19, 2014 which extended the federal research and development credit retroactively from January 1, 2014 to December 31, 2014. Fiscal year 2015 also included an expense related to the increase in valuation allowance related primarily to state net operating loss carryforwards and research and development credit carryforwards available to reduce state income taxes. 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.

Segment Results for Fiscal Year 2015 Compared to Fiscal Year 2014

Satellite services segment

Revenues

(In millions, except percentages)	Fiscal Years Ended April 3, 2015	Fiscal Years Ended April 4, 2014	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ 33.6	$ —	$ 33.5	100.0%
Segment service revenues	466.3	390.7	75.6	19.4%
Total segment revenues	$ 499.9	$ 390.7	$ 109.2	27.9%

Our satellite services segment revenues grew by $109.2 million as a result of a $75.6 million increase in service revenues and a $33.5 million increase in product revenues. The increase in service revenues related primarily to our broadband internet services, and was primarily driven by an increase in the number of Exede broadband subscribers, as well as related higher average revenue per subscriber. Total broadband subscribers grew 7% from approximately 641,000 at April 4, 2014 to approximately 686,000 at April 3, 2015. The service revenue increase also reflected the expansion of our in-flight broadband service with over 330 aircraft in service as of the end of fiscal year 2015. The increase in product revenues was primarily due to the recognition of $33.0 million of payments under the Settlement Agreement as product revenue in our satellite services segment.

Segment operating profit (loss)

(In millions, except percentages)	Fiscal Years Ended April 3, 2015	Fiscal Years Ended April 4, 2014	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment operating profit (loss)	$ 62.4	$ (46.0)	$ 108.4	235.6%
Percentage of segment revenues	12.5%	(11.8)%		

The change from an operating loss to an operating profit for our satellite services segment was primarily due to higher earnings contributions of $77.7 million. Continued growth in the size of our Exede broadband services subscriber base resulted in increased service revenues and improved margins. In addition, our satellite services segment operating profit included $51.8 million from the Settlement Agreement, which resulted in increased product revenues and a decrease in SG&A expenses. Legal expense decreased as a result of the settlement of the litigation with SS/L and its former parent company Loral during the second quarter of fiscal year 2015. Additionally, selling costs decreased due to decreased sales and marketing support costs, reflecting a more established consumer broadband subscriber base. These decreases in SG&A expenses were partially offset by an increase in other support costs.

Commercial networks segment

Revenues

(In millions, except percentages)	Fiscal Years Ended April 3, 2015	Fiscal Years Ended April 4, 2014	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ 331.1	$ 378.6	$ (47.5)	(12.6)%
Segment service revenues	16.1	16.9	(0.9)	(5.1)%
Total segment revenues	$ 347.1	$ 395.5	$ (48.4)	(12.2)%

Our commercial networks segment revenues decreased by $48.4 million, primarily due to the $47.5 million decrease in product revenues. Of this product revenue decrease, $68.7 million related to fixed satellite networks (driven primarily by our large scale Australian Ka-band infrastructure project as it moves closer to completion as well as consumer broadband products due to reduced revenues from terminal sales, partially offset by our next-generation Ka-band system contract in Canada). Our satellite networking development programs revenues also decreased $6.4 million. These decreases were partially offset by a $26.1 million increase in product revenues for our antenna systems products.

Segment operating loss

(In millions, except percentages)	Fiscal Years Ended April 3, 2015	Fiscal Years Ended April 4, 2014	Dollar (Increase) Decrease	Percentage (Increase) Decrease
Segment operating loss	$ (33.6)	$ (12.1)	$ (21.5)	(177.0)%
Percentage of segment revenues	(9.7)%	(3.1)%		

The $21.5 million increase in operating loss for our commercial networks segment was primarily due to lower earnings contributions of $24.1 million from lower revenues due to fixed satellite networks (driven primarily by consumer broadband products), as well as lower margins resulting from a shift in revenue mix due to lower terminal sales in our fixed satellite networks (driven primarily by consumer broadband products). We also experienced lower margins in our mobile broadband satellite communication systems products and antenna systems and services. The increase in our segment operating loss also reflected higher support, new business proposal and selling costs of $2.9 million, offset by lower IR&D costs of $5.4 million.

Government systems segment

Revenues

(In millions, except percentages)	Fiscal Years Ended April 3, 2015	Fiscal Years Ended April 4, 2014	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ 363.4	$ 407.1	$ (43.7)	(10.7)%
Segment service revenues	172.1	158.1	14.0	8.8%
Total segment revenues	$ 535.5	$ 565.2	$ (29.7)	(5.3)%

Our government systems segment revenues decreased by $29.7 million, due to a decrease of $43.7 million in product revenues, partially offset by a $14.0 million increase in service revenues. The decrease in product revenues was primarily due to revenue

decreases of $83.7 million in government satellite communication systems (mainly attributable to command and control situational awareness) and a $5.7 million decrease in tactical satcom radio products (relating to our majority-owned subsidiary TrellisWare). This decrease was partially offset by a $29.6 million increase in tactical data link products and $15.1 million increase in information assurance products. The increase in service revenues was primarily due to revenue increases of $23.2 million related to NetNearU, our newly acquired subsidiary, partially offset by a $4.7 million decrease related to government satellite communication systems services (mainly attributable to command and control situational awareness and global mobile broadband, offset by broadband networking services revenues for military customers), by a $2.9 million decrease in information assurance services and by a $1.3 million decrease in tactical data link services.

Segment operating profit

(In millions, except percentages)	Fiscal Years Ended April 3, 2015	Fiscal Years Ended April 4, 2014	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment operating profit	$ 72.3	$ 76.0	$ (3.7)	(4.9)%
Percentage of segment revenues	13.5%	13.5%		

The $3.7 million decrease in our government systems segment operating profit reflected higher new business proposal, support and selling costs of $16.3 million, offset by lower IR&D costs of $7.8 million and $4.8 million of higher earnings contributions (mainly from improved margins in global mobile broadband and the addition of our network management services for Wi-Fi and other internet access networks (relating to our newly acquired subsidiary NetNearU)).

Backlog

As reflected in the table below, our overall firm and funded backlog increased during fiscal year 2016. The increases in both firm and funded backlog were attributable to increases in our government systems segment.

	As of March 31, 2016	As of April 3, 2015
	(In millions)	
Firm backlog		
Satellite Services segment	$ 169.6	$ 216.2
Commercial Networks segment	286.7	317.3
Government Systems segment	485.6	382.1
Total	$ 941.9	$ 915.6
Funded backlog		
Satellite Services segment	$ 169.6	$ 216.2
Commercial Networks segment	286.7	317.3
Government Systems segment	422.8	307.9
Total	$ 879.1	$ 841.4

The firm backlog does not include contract options. Of the $941.9 million in firm backlog, $507.4 million is expected to be delivered in fiscal year 2017, and the balance is expected to be delivered in fiscal year 2018 and thereafter. We include in our backlog only those orders for which we have accepted purchase orders. Backlog does not include contracts with our Exede broadband subscribers in our satellite services segment.

Our total new awards were approximately $1.5 billion, $1.4 billion and $1.4 billion for fiscal years 2016, 2015 and 2014, respectively.

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

Firm backlog amounts are comprised of funded and unfunded components. Funded backlog represents the sum of contract amounts for which funds have been specifically obligated by customers to contracts. Unfunded backlog represents future amounts that customers may obligate over the specified contract performance periods. Our customers allocate funds for expenditures on long-term contracts on a periodic basis. Our ability to realize revenues from contracts in backlog is dependent upon adequate funding for such contracts. Although we do not control the funding of our contracts, our experience indicates that actual contract 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, export credit agency financing and equity financing. At March 31, 2016, we had $42.1 million in cash and cash equivalents, $243.3 million in working capital, $180.0 million in principal amount of outstanding borrowings under our Revolving Credit Facility and $197.2 million in principal amount of outstanding borrowings under our direct loan facility with the Export-Import Bank of the United States for ViaSat-2 (the Ex-Im Credit Facility and, together with the Revolving Credit Facility, the Credit Facilities), and we had accrued a further $21.0 million in completion exposure fees expected to be financed under the Ex-Im Credit Facility. At April 3, 2015, we had $52.3 million in cash and cash equivalents, $223.4 million in working capital, $210.0 million in outstanding borrowings under our Revolving Credit Facility and $20.5 million in principal amount of outstanding borrowings under our Ex-Im Credit Facility. We invest our cash in excess of current operating requirements in short-term, interest-bearing, investment-grade securities.

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

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

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

Cash flows

Cash provided by operating activities for fiscal year 2016 was $296.9 million compared to cash provided by operating activities of $349.5 million for fiscal year 2015. This $52.6 million decrease was primarily driven by a $52.0 million year-over-year increase in cash used to fund net operating assets needs and by our operating results (net income adjusted for depreciation, amortization and other non-cash charges) which generated cash inflows in fiscal year 2016 that were $0.6 million lower than fiscal year 2015. The increase in cash used to fund net operating assets during fiscal year 2016 when compared to fiscal year 2015 was partially due to higher combined billed and unbilled accounts receivable, net, attributable to the timing of contractual milestones for certain larger development programs in our government systems segment and an increase in cash used for inventory in our government systems segment, as well as a decrease in our collections in excess of revenues and deferred revenues included in accrued liabilities due to the timing of milestone billings for certain larger development projects in our commercial networks segment.

Cash used in investing activities for fiscal year 2016 was $456.3 million compared to cash used in investing activities in fiscal year 2015 of $476.6 million. The decrease in cash used in investing activities reflects a decrease of $54.6 million in cash used for satellite construction due to the timing of milestone payments and a decrease of $53.0 million in cash used for acquisitions, offset by increases of $39.5 million in capital expenditures for real property adjacent to our current headquarters location, $21.1 million in capital expenditures for other general purpose equipment, $21.6 million in cash used for capital software development and $5.4 million for the construction of earth stations and network operation systems related to ViaSat-2.

Cash provided by financing activities for fiscal year 2016 was $149.1 million compared to cash provided by financing activities of $121.5 million for fiscal year 2015. This $27.7 million increase in cash provided by financing activities reflected an increase of $161.9 million in net proceeds from borrowings under our Ex-Im Credit Facility. This increase was partially offset by $30.0 million of net payments on borrowings under our Revolving Credit Facility during the fiscal year 2016 compared to $105.0 million in net proceeds from borrowings in the prior year period. Cash provided by financing activities for both periods included cash received from stock option exercises and employee stock purchase plan purchases, offset by cash used for the repurchase of common stock related to net share settlement of certain employee tax liabilities in connection with the vesting of restricted stock unit awards, and payment of debt issuance costs.

Comparing cash flows in fiscal year 2015 to fiscal year 2014, the $144.4 million increase 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 $127.1 million of higher cash inflows, coupled with a $17.3 million year-over-year decrease in cash used to fund net operating assets needs. The increase in cash used in investing activities reflected a year-over-year increase of $84.7 million in cash used for the construction of our ViaSat-2 satellite and an increase of $55.0 million in cash used for acquisitions, offset by a $26.4 million decrease in capital expenditures year-over-year for new CPE units and other general purpose equipment. The $19.6 million increase in cash provided by financing activities year-over-year was primarily related to the $13.9 million of net proceeds from borrowings under our Ex-Im Credit Facility during fiscal year 2015. Both fiscal years 2015 and 2014 included $105.0 million in net proceeds from borrowings under our Revolving Credit Facility.

Satellite-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 earth station infrastructure, through satellite launch is estimated to be between $600.0 million and $650.0 million, and will depend on the timing of the earth station 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 ViaSat-2 project, which include our cash on hand, available borrowing capacity under our Credit Facilities and the cash we expect to generate from operations over the next few years. At the end of fiscal year 2016, we had approximately 697,000 broadband subscribers, however there can be no assurance that the number of subscribers of our Exede broadband internet services and service revenues in our satellite services segment will increase in any future period.

Construction has also commenced on two ViaSat-3 class satellites, our third-generation high-capacity Ka-band satellite design, pursuant to a limited authorization to proceed under which ViaSat's payment obligations are limited to $56.5 million in the aggregate. We expect to enter into two separate agreements with Boeing for the construction and purchase of the two ViaSat-3 class satellites and the integration of our payload technologies into the satellites, which contracts will replace and supersede the existing limited authorization to proceed, but there can be no assurance that these construction contracts will be entered into with Boeing on the terms we expect or at all. The projected total cost of the ViaSat-3 project, including the two third-generation satellites, launches, insurance and related earth station infrastructure, through satellite launch is estimated to be similar to ViaSat-2 costs per satellite for a total of approximately $1.3 billion, and will depend on the timing of the earth station infrastructure roll-out of each satellite. Our total cash funding may be reduced through various third party agreements, including potential joint service offerings and other strategic partnering arrangements. We believe we have adequate sources of funding for the ViaSat-3 class satellites, which include our cash on hand, available borrowing capacity and the cash we expect to generate from operations over the next few years.

We believe the launch and roll-out of our ViaSat-2 and ViaSat-3 class satellites and related ground infrastructure will impact our financial results in our satellite services segment in future periods, although we expect the relative impact to be less than we experienced in relation to the launch and roll-out of our ViaSat-1 satellite and related ground infrastructure. During the period from late fiscal year 2012 until early fiscal year 2015, we incurred higher operating costs in connection with the launch and roll-out of our ViaSat-1 satellite, related ground infrastructure and Exede broadband services, as well as higher interest expense as we capitalized a lower amount of the interest expense on our outstanding debt. These higher operating costs included costs associated with depreciation, earth station connectivity, subscriber acquisition costs, logistics, customer care and various support systems. These operating costs negatively impacted income from operations during that period.

In addition, our IR&D investments in our ViaSat-3 class satellites and related ground infrastructure are expected to continue to negatively impact our financial results in our commercial networks segment. We also expect to continue to invest in subscriber acquisition costs during fiscal year 2017 as we further expand our subscriber base for our Exede broadband internet services as well as make additional investments relating to our ViaSat-2 and ViaSat-3 class satellites.

Revolving Credit Facility

As of March 31, 2016, the Revolving 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. On May 24, 2016, subsequent to fiscal year end, we amended our Revolving Credit Facility to, among other matters, increase the size of the revolving line of credit under the Revolving Credit Facility from $500.0 million to $800.0 million and extend the maturity date to May 2021 (or March 2020, if more than $200.0 million of our 6.875% Senior Notes due 2020 (2020 Notes) are then outstanding and certain conditions are met).

Borrowings under the Revolving Credit Facility bear interest, at our option, at either (1) the highest of the Federal Funds rate plus 0.50%, the Eurodollar rate plus 1.00%, or the administrative agent's prime rate as announced from time to time, or (2) the Eurodollar rate, plus, in the case of each of (1) and (2), an applicable margin that is based on our total leverage ratio. At March 31, 2016, the weighted average effective interest rate on our outstanding borrowings under the Revolving Credit Facility was 2.44%. The Revolving Credit Facility is required to be guaranteed by certain significant domestic subsidiaries of ViaSat (as defined in the Revolving Credit Facility) and secured by substantially all of our assets. As of March 31, 2016, none of our subsidiaries guaranteed the Revolving Credit Facility.

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

At March 31, 2016, we had $180.0 million in principal amount of outstanding borrowings under the Revolving Credit Facility and $42.8 million outstanding under standby letters of credit, leaving borrowing availability under the Revolving Credit Facility as of March 31, 2016 of $277.2 million.

Ex-Im Credit Facility

As of March 31, 2016, the Ex-Im Credit Facility provided a $386.7 million senior secured direct loan facility, $343.1 million of which can be used to finance up to 85% of the costs of construction, launch and insurance of the ViaSat-2 satellite and related goods and services (including costs incurred on or after September 18, 2012), with the remainder used to finance the total exposure fees incurred under the Ex-Im Credit Facility of up to $43.6 million (depending on the total amount of financing borrowed under the Ex-Im Credit Facility). The Ex-Im Credit Facility was amended on March 23, 2016 to, among other matters, reduce the total size of the Ex-Im Credit Facility from $524.9 million to $386.7 million to reflect revised estimates of ViaSat-2 project expenses, the fact that payments to the launch service provider for the ViaSat-2 satellite will no longer be financed under the Ex-Im Credit Facility and the associated reduction in completion exposure fees.

Borrowings under the Ex-Im Credit Facility bear interest at a fixed rate of 2.38% and are required to be repaid in 16 approximately equal semi-annual installments, commencing approximately six months after the in-orbit acceptance date of the ViaSat-2 satellite (or, if earlier, on April 15, 2018), with a maturity date of October 15, 2025. Exposure fees of $6.0 million were incurred in connection with our initial borrowing under the Ex-Im Credit Facility, with the remaining exposure fees payable by the in-orbit acceptance date for ViaSat-2. Exposure fees under the Ex-Im Credit Facility are amortized using the effective interest rate method. The effective interest rate on our outstanding borrowings under the Ex-Im Credit Facility, which takes into account estimated timing and amount of borrowings, exposure fees, debt issuance costs and other fees, was estimated to be between 4.1% and 4.9% as of March 31, 2016. The Ex-Im Credit Facility is guaranteed by ViaSat and is secured by first-priority liens on the ViaSat-2 satellite and related assets as well as a pledge of the capital stock of the borrower under the facility.

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

At March 31, 2016, we had $197.2 million in principal amount of outstanding borrowings under the Ex-Im Credit Facility and had accrued $21.0 million in completion exposure fees expected to be financed under the Ex-Im Credit Facility. As of March 31, 2016, the undrawn commitment under the Ex-Im Credit Facility was $168.5 million (excluding $21.0 million of accrued completion exposure fees), of which $151.9 million was available to finance ViaSat-2 related costs once incurred. Borrowings under the Ex-Im Credit Facility were issued with a discount of $28.1 million (comprising the initial $6.0 million exposure fee, the completion exposure fees accrued as of March 31, 2016 and other customary fees). The borrowings under the Ex-Im Credit Facility are recorded as long-term debt, net of discount, in our consolidated financial statements. The discount and deferred financing cost associated with the issuance of the borrowings under the Ex-Im Credit Facility are amortized to interest expense on an effective interest rate basis over the term of the borrowings under the Ex-Im Credit Facility.

Senior Notes

Senior Notes due 2020

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

The 2020 Notes are required to be guaranteed on an unsecured senior basis by each of our existing and future subsidiaries that guarantees the Revolving Credit Facility. As of March 31, 2016, none of our subsidiaries guaranteed the 2020 Notes. The 2020 Notes are our general senior unsecured obligations and rank equally in right of payment with all of our existing and future unsecured unsubordinated debt. The 2020 Notes are effectively junior in right of payment to our existing and future secured debt, including under the Credit Facilities (to the extent of the value of the assets securing such debt), are structurally subordinated to all existing and future liabilities (including trade payables) of our subsidiaries that do not guarantee the 2020 Notes, and are senior in right of payment to all of our existing and future subordinated indebtedness.

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

We may 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).

Contractual Obligations

The following table sets forth a summary of our obligations at March 31, 2016:

(In thousands, including interest where applicable)	Total	For the Fiscal Years Ending 2017	2018-2019	2020-2021	Thereafter
Operating leases and satellite capacity agreements	$ 290,747	$ 74,600	$ 77,696	$ 53,035	$ 85,416
2020 Notes	752,891	39,531	79,063	634,297	—
Revolving Credit Facility (1)	191,822	4,448	187,374	—	—
Ex-Im Credit Facility (2)	249,313	4,303	37,075	62,662	145,273
Satellite performance incentives	32,043	2,139	4,723	5,384	19,797
Purchase commitments including satellite-related agreements	637,451	394,130	134,371	76,008	32,942
Total	$ 2,154,267	$ 519,151	$ 520,302	$ 831,386	$ 283,428

(1) To the extent that the interest rate is variable and ultimate amounts borrowed under the Revolving Credit Facility may fluctuate, amounts reflected represent estimated interest payments on our current outstanding balances based on the weighted average effective interest rate at March 31, 2016 until the maturity date (as in effect as of March 31, 2016) in November 2018. In May 24, 2016, the Revolving Credit Facility was amended to, among other matters, extend the maturity date to May 2021 (or March 2020, if more than $200.0 million of our 2020 Notes are then outstanding and certain conditions are met).

(2) To the extent that the ultimate amounts borrowed under the Ex-Im Credit Facility may fluctuate, amounts reflected represent estimated interest and principal payments on our current outstanding balance until the maturity date in October 2025. The amounts listed in the table above exclude the completion exposure fee that will be payable under the Ex-Im Credit Agreement by the in-orbit acceptance date for ViaSat-2, the amount of which will be based on the total amount of financing borrowed under the Ex-Im Credit Facility; see "Liquidity and Capital Resources — Ex-Im Credit Facility." As of March 31, 2016, we had accrued $21.0 million in completion exposure fees expected to be financed under the Ex-Im Credit Facility.

We purchase components from a variety of suppliers and use several subcontractors and contract manufacturers to provide design and manufacturing services for our products. During the normal course of business, we enter into agreements with subcontractors, contract manufacturers and suppliers that either allow them to procure inventory based upon criteria defined by us or that establish the parameters defining our requirements. We also enter into agreements and purchase commitments with suppliers for the construction, launch, and operation of our satellites. In certain instances, these agreements allow us the option to cancel, reschedule and adjust our requirements based on our business needs prior to firm orders being placed. Consequently, only a portion of our reported purchase commitments arising from these agreements are firm, non-cancelable and unconditional commitments. In addition, construction has commenced on two ViaSat-3 class satellites, our third-generation high-capacity Ka-band satellite design, pursuant to a limited authorization to proceed. See "Liquidity and Capital Resources — Satellite-related activities."

Our consolidated balance sheets included $37.4 million and $40.0 million of "other liabilities" as of March 31, 2016 and April 3, 2015, respectively, which primarily consisted of the long-term portion of our satellite performance incentives obligation, our long-term warranty obligations, the long-term portion of deferred rent, long-term portion of deferred revenue and long-term deferred income taxes. With the exception of the long-term portion of our satellite performance incentives obligation, these remaining liabilities have been excluded from the above table as the timing and/or the amount of any cash payment is uncertain. See Note 8 to our consolidated financial statements for additional information regarding our income taxes and related tax positions and Note 13 to our consolidated financial statements for a discussion of our product warranties.

Off-Balance Sheet Arrangements

We had no material off-balance sheet arrangements at March 31, 2016 as defined in Regulation S-K Item 303(a)(4) other than as discussed under Contractual Obligations above or disclosed in the notes to our consolidated financial statements included in this report.

Recent Authoritative Guidance

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

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, short-term and long-term obligations, including the Credit Facilities and the 2020 Notes, and foreign currency forward contracts. We consider investments in highly liquid instruments purchased with a remaining maturity of three months or less at the date of purchase to be cash equivalents. As of March 31, 2016, we had $180.0 million in principal amount of outstanding borrowings under our Revolving Credit Facility, $197.2 million in principal amount of outstanding borrowings under our Ex-Im Credit Facility as well as $21.0 million in accrued completion exposure fees expected to be financed under the Ex-Im Credit Facility, and $575.0 million in aggregate principal amount outstanding of the 2020 Notes, and we held no short-term investments. Our 2020 Notes and borrowings under our Ex-Im Credit Facility bear interest at a fixed rate and therefore our exposure to market risk for changes in interest rates relates primarily to borrowings under our Revolving Credit Facility, cash equivalents, short-term investments and short-term obligations.

The primary objective of our investment activities is to preserve principal while at the same time maximizing the income we receive from our investments without significantly increasing risk. To minimize this risk, we maintain a significant portion of our cash balance in money market funds. In general, money market funds are not subject to interest rate risk because the interest paid on such funds fluctuates with the prevailing interest rate. Our cash and cash equivalents earn interest at variable rates. Our interest income has been and may continue to be negatively impacted by low market interest rates. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. If the underlying weighted average interest rate on our cash and cash equivalents, assuming balances remain constant over a year, changed by 50 basis points, interest income would have increased or decreased by less than $0.1 million for the fiscal years ended

March 31, 2016 and April 3, 2015. 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 March 31, 2016, we had $180.0 million in principal amount of outstanding borrowings under our Revolving Credit Facility. Our primary interest rate under the Revolving Credit Facility is the Eurodollar rate plus an applicable margin that is based on our total leverage ratio. At March 31, 2016, the weighted average effective interest rate on our outstanding borrowings under the Revolving Credit Facility was 2.44%. 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 $0.9 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 March 31, 2016, 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 $5.0 million had an insignificant amount of fair value recorded in other current assets as of March 31, 2016. If the foreign currency forward rate for the Euro to U.S. dollar on these foreign currency forward contracts had changed by 10%, the fair value of these foreign currency forward contracts as of March 31, 2016 would have changed by approximately $0.5 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 2016 and 2015 are as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	(In thousands, except per share data)			
2016				
Total revenues	$ 344,378	$ 353,330	$ 347,759	$ 371,964
Income from operations	9,414	13,826	10,385	7,494
Net income	2,519	4,920	9,944	4,387
Net income attributable to ViaSat, Inc.	2,608	4,936	9,747	4,450
Basic net income per share attributable to ViaSat, Inc.	0.05	0.10	0.20	0.09
Diluted net income per share attributable to ViaSat, Inc.	0.05	0.10	0.20	0.09
2015				
Total revenues	$ 319,471	$ 358,758	$ 339,553	$ 364,753
(Loss) income from operations	(1,169)	46,456	18,178	19,679
Net (loss) income	(6,321)	23,992	14,784	7,436
Net (loss) income attributable to ViaSat, Inc.	(5,944)	23,947	14,811	7,549
Basic net (loss) income per share attributable to ViaSat, Inc.	(0.13)	0.51	0.31	0.16
Diluted net (loss) income per share attributable to ViaSat, Inc.	(0.13)	0.50	0.31	0.16

Summarized quarterly data reflects product revenue recognized with respect to amounts realized under the Settlement Agreement of approximately $6.0 million for each quarter of fiscal year 2016. In addition, the second quarter of fiscal year 2015 reflects product revenue recognized with respect to amounts realized under the Settlement Agreement of $21.0 million, and approximately $6.0 million for each of the third and fourth quarter of fiscal year 2015. Also with respect to amounts realized under the Settlement Agreement, summarized quarterly data reflects a reduction to SG&A expenses for the second quarter of fiscal year 2015 of $18.7 million. Refer to Note 12 to the consolidated financial statements for discussion of the Settlement Agreement.

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 March 31, 2016, the end of the period covered by this report. Based upon the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of March 31, 2016.

Management's Report on Internal Control Over Financial Reporting

The company's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of the company's management, including our Chief Executive Officer and Chief Financial Officer, the company conducted an evaluation of the effectiveness of its internal control over financial reporting based on criteria established in the framework in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the company's management concluded that its internal control over financial reporting was effective as of March 31, 2016.

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

The company's independent registered public accounting firm has audited the effectiveness of the company's internal control over financial reporting as of March 31, 2016, as stated in their report which appears on page 36.

Changes in Internal Control Over Financial Reporting

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes. During the quarter ended March 31, 2016, 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 March 31, 2016 and April 3, 2015, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2016 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule on page 68 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2016, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in 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.

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it presents deferred income taxes in 2016.

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.

San Diego, California
May 26, 2016

VIASAT, INC.
CONSOLIDATED BALANCE SHEETS

	As of March 31, 2016	As of April 3, 2015
	(In thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 42,088	$ 52,263
Accounts receivable, net	286,724	266,339
Inventories	145,161	128,367
Prepaid expenses and other current assets	49,361	44,702
Total current assets	523,334	491,671
Satellites, net	898,197	762,221
Property and equipment, net	486,910	418,022
Other acquired intangible assets, net	33,604	42,340
Goodwill	117,040	117,241
Other assets	346,761	326,883
Total assets	$ 2,405,846	$ 2,158,378
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 95,645	$ 76,931
Accrued liabilities	184,344	191,326
Total current liabilities	279,989	268,257
Senior notes, net	581,374	582,657
Other long-term debt	372,688	223,736
Other liabilities	37,371	39,995
Total liabilities	1,271,422	1,114,645
Commitments and contingencies (Notes 11 and 12)		
Equity:		
ViaSat, Inc. stockholders' equity		
Series A, convertible preferred stock, $.0001 par value; 5,000,000 shares authorized; no shares issued and outstanding at March 31, 2016 and April 3, 2015, respectively	—	—
Common stock, $.0001 par value, 100,000,000 shares authorized; 48,926,417 and 47,697,413 shares outstanding at March 31, 2016 and April 3, 2015, respectively	5	5
Paid-in capital	855,387	786,467
Retained earnings	273,704	251,963
Accumulated other comprehensive income	7	147
Total ViaSat, Inc. stockholders' equity	1,129,103	1,038,582
Noncontrolling interest in subsidiary	5,321	5,151
Total equity	1,134,424	1,043,733
Total liabilities and equity	$ 2,405,846	$ 2,158,378

See accompanying notes to the consolidated financial statements.

VIASAT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	Fiscal Years Ended		
	March 31, 2016	April 3, 2015	April 4, 2014
	(In thousands, except per share data)		
Revenues:			
Product revenues	$ 664,821	$ 728,074	$ 785,738
Service revenues	752,610	654,461	565,724
Total revenues	1,417,431	1,382,535	1,351,462
Operating expenses:			
Cost of product revenues	489,246	519,483	571,855
Cost of service revenues	495,099	444,431	419,425
Selling, general and administrative	298,345	270,841	281,533
Independent research and development	77,184	46,670	60,736
Amortization of acquired intangible assets	16,438	17,966	14,614
Income from operations	41,119	83,144	3,299
Other income (expense):			
Interest income	2,226	2,022	35
Interest expense	(25,748)	(31,448)	(37,938)
Income (loss) before income taxes	17,597	53,718	(34,604)
(Benefit from) provision for income taxes	(4,173)	13,827	(25,947)
Net income (loss)	21,770	39,891	(8,657)
Less: Net income (loss) attributable to the noncontrolling interest, net of tax	29	(472)	789
Net income (loss) attributable to ViaSat, Inc.	$ 21,741	$ 40,363	$ (9,446)
Net income (loss) per share attributable to ViaSat, Inc. common stockholders:			
Basic net income (loss) per share attributable to ViaSat, Inc. common stockholders	$ 0.45	$ 0.86	$ (0.21)
Diluted net income (loss) per share attributable to ViaSat, Inc. common stockholders	$ 0.44	$ 0.84	$ (0.21)
Shares used in computing basic net income (loss) per share	48,464	47,139	45,744
Shares used in computing diluted net income (loss) per share	49,445	48,285	45,744
Comprehensive income (loss):			
Net income (loss)	$ 21,770	$ 39,891	$ (8,657)
Other comprehensive (loss) income, net of tax:			
Unrealized gain (loss) on hedging, net of tax	122	(25)	219
Foreign currency translation adjustments, net of tax	(262)	(2,141)	1,488
Other comprehensive (loss) income, net of tax	(140)	(2,166)	1,707
Comprehensive income (loss)	21,630	37,725	(6,950)
Less: comprehensive income (loss) attributable to the noncontrolling interest, net of tax	29	(472)	789
Comprehensive income (loss) attributable to ViaSat, Inc.	$ 21,601	$ 38,197	$ (7,739)

See accompanying notes to the consolidated financial statements.

VIASAT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Years Ended		
	March 31, 2016	April 3, 2015	April 4, 2014
	(In thousands)		
Cash flows from operating activities:			
Net income (loss)	$ 21,770	$ 39,891	$ (8,657)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation	193,086	179,542	159,089
Amortization of intangible assets	48,990	41,891	25,975
Deferred income taxes	(5,003)	12,420	(27,182)
Stock-based compensation expense	47,510	39,353	33,639
Loss on disposition of fixed assets	33,960	31,997	33,752
Other non-cash adjustments	8,957	4,778	6,153
Increase (decrease) in cash resulting from changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(26,342)	3,745	(9,219)
Inventories	(26,749)	(1,217)	(11,422)
Other assets	(3,335)	(16,328)	(6,561)
Accounts payable	5,250	862	(7,404)
Accrued liabilities	(337)	20,017	17,730
Other liabilities	(820)	(7,435)	(753)
Net cash provided by operating activities	296,937	349,516	205,140
Cash flows from investing activities:			
Purchase of property, equipment and satellites	(377,894)	(366,492)	(307,625)
Cash paid for patents, licenses and other assets	(72,731)	(52,686)	(44,461)
Payments related to acquisition of businesses, net of cash acquired	(4,402)	(57,376)	(2,400)
Other investing activities	(1,258)	—	—
Net cash used in investing activities	(456,285)	(476,554)	(354,486)
Cash flows from financing activities:			
Proceeds from revolving credit facility borrowings	175,000	350,000	295,000
Payments of revolving credit facility borrowings	(205,000)	(245,000)	(190,000)
Proceeds from Ex-Im credit facility borrowings, net of discount	175,834	13,914	—
Payment of debt issuance costs	(840)	(2,757)	(2,512)
Proceeds from issuance of common stock under equity plans	22,309	23,202	18,617
Purchase of common stock in treasury (immediately retired) related to tax withholdings for stock-based compensation	(16,397)	(14,788)	(15,588)
Other financing activities	(1,784)	(3,107)	(3,690)
Net cash provided by financing activities	149,122	121,464	101,827
Effect of exchange rate changes on cash	51	(510)	128
Net decrease in cash and cash equivalents	(10,175)	(6,084)	(47,391)
Cash and cash equivalents at beginning of fiscal year	52,263	58,347	105,738
Cash and cash equivalents at end of fiscal year	$ 42,088	$ 52,263	$ 58,347
Supplemental information:			
Cash paid for interest (net of amounts capitalized)	$ 21,787	$ 29,645	$ 34,446
Cash paid for income taxes, net	$ 1,380	$ 494	$ 1,185
Non-cash investing and financing activities:			
Issuance of stock in satisfaction of certain accrued employee compensation liabilities	$ 11,609	$ 10,194	$ 8,018
Capital expenditures not paid for	$ 60,796	$ 6,584	$ 30,237
Exposure fees on Ex-Im credit facility expected to be financed through Ex-Im credit facility	$ 20,992	$ —	$ —

See accompanying notes to the consolidated financial statements.

VIASAT, INC.
CONSOLIDATED STATEMENTS OF EQUITY

	ViaSat, Inc. Stockholders								
	Common Stock				Common Stock Held in Treasury				
	Number of Shares Issued	Amount	Paid-in Capital	Retained Earnings	Number of Shares	Amount	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Subsidiary	Total
	(In thousands, except share data)								
Balance at March 29, 2013	45,921,793	$ 4	$ 715,115	$ 221,046	(947,607)	$ (33,770)	$ 606	$ 4,834	$ 907,835
Exercise of stock options	592,971	1	12,910	—	—	—	—	—	12,911
Issuance of stock under Employee Stock Purchase Plan	137,921	—	5,706	—	—	—	—	—	5,706
Stock-based compensation	—	—	34,703	—	—	—	—	—	34,703
Shares issued in settlement of certain accrued employee compensation liabilities	113,126	—	8,018	—	—	—	—	—	8,018
RSU awards vesting	654,020	—	—	—	—	—	—	—	—
Purchase of treasury shares pursuant to vesting of certain RSU agreements	—	—	—	—	(242,965)	(15,588)	—	—	(15,588)
Net (loss) income	—	—	—	(9,446)	—	—	—	789	(8,657)
Other comprehensive income, net of tax	—	—	—	—	—	—	1,707	—	1,707
Balance at April 4, 2014	47,419,831	$ 5	$ 776,452	$ 211,600	(1,190,572)	$ (49,358)	$ 2,313	$ 5,623	$ 946,635
Exercise of stock options	724,800	—	15,732	—	—	—	—	—	15,732
Issuance of stock under Employee Stock Purchase Plan	152,268	—	7,470	—	—	—	—	—	7,470
Stock-based compensation	—	—	40,765	—	—	—	—	—	40,765
Shares issued in settlement of certain accrued employee compensation liabilities	180,526	—	10,194	—	—	—	—	—	10,194
Retirement of common stock held in treasury	(1,190,572)	—	(49,358)	—	1,190,572	49,358	—	—	—
RSU awards vesting, net of shares withheld for taxes which have been retired	410,560	—	(14,788)	—	—	—	—	—	(14,788)
Net income (loss)	—	—	—	40,363	—	—	—	(472)	39,891
Other comprehensive loss, net of tax	—	—	—	—	—	—	(2,166)	—	(2,166)
Balance at April 3, 2015	47,697,413	$ 5	$ 786,467	$ 251,963	—	$ —	$ 147	$ 5,151	$ 1,043,733
Exercise of stock options	432,706	—	13,520	—	—	—	—	—	13,520
Issuance of stock under Employee Stock Purchase Plan	170,968	—	8,789	—	—	—	—	—	8,789
Stock-based compensation	—	—	51,399	—	—	—	—	—	51,399
Shares issued in settlement of certain accrued employee compensation liabilities	185,424	—	11,609	—	—	—	—	—	11,609
RSU awards vesting, net of shares withheld for taxes which have been retired	439,906	—	(16,397)	—	—	—	—	—	(16,397)
Other noncontrolling interest activity	—	—	—	—	—	—	—	141	141
Net income	—	—	—	21,741	—	—	—	29	21,770
Other comprehensive loss, net of tax	—	—	—	—	—	—	(140)	—	(140)
Balance at March 31, 2016	48,926,417	$ 5	$ 855,387	$ 273,704	—	$ —	$ 7	$ 5,321	$ 1,134,424

See accompanying notes to the consolidated financial statements.

VIASAT, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

The Company

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

Principles of consolidation

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

On May 4, 2015, the Company’s Board of Directors approved a change in the Company’s fiscal year from a 52 or 53 week fiscal year ending on the Friday closest to March 31 to a fiscal year ending on March 31 of each year, effective with the fiscal year commencing April 4, 2015. Beginning April 4, 2015, the Company’s fiscal quarters end on June 30, September 30, December 31, and March 31 of each year. Fiscal year 2014 was a 53 week year, compared to a 52 week year in fiscal year 2015. Fiscal year 2016 was slightly shorter than 52 weeks due to the change in fiscal year beginning April 4, 2015. The Company does not believe that these differences in length of year had any material impact on its financial results.

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

During the first quarter of fiscal year 2016, the Company completed the acquisition of Engreen Inc. (Engreen), a privately held company focused on network function virtualization. The Engreen purchase price of approximately $5.3 million (of which $0.5 million has been withheld as security for any indemnifiable damages) was primarily allocated to acquired technology intangible assets and the assumption of certain liabilities. During the first quarter of fiscal year 2015, the Company completed the acquisition of NetNearU Corp. (NetNearU), a privately held company that has developed a comprehensive network management system for Wi-Fi and other internet access networks (see Note 9). These acquisitions were accounted for as purchases and, accordingly, the consolidated financial statements include the operating results of Engreen and NetNearU from the dates 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 an individual customer comprised approximately 23.7%, 22.8% and 21.2% of total revenues for fiscal years 2016, 2015 and 2014, respectively. Billed accounts receivable to the U.S. government as of March 31, 2016 and April 3, 2015 were approximately 22.8% and 30.6%, 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 2016, 2015 and 2014. The Company's five largest contracts generated approximately 19.4%, 21.1% and 26.4% of the Company's total revenues for the fiscal years ended March 31, 2016, April 3, 2015 and April 4, 2014, 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 earth stations, network operations systems and other assets to support its satellites, and those construction costs, including interest, are capitalized as incurred. At the time satellites are placed in service, the Company estimates the useful life of its satellites for depreciation purposes based upon an analysis of each satellite's performance against the original manufacturer's orbital design life, estimated fuel levels and related consumption rates, as well as historical satellite operating trends. 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, which for the periods presented, primarily related to losses incurred for unreturned customer premise equipment (CPE).

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, the Company capitalized $30.1 million, $16.2 million, and $8.1 million of interest expense during the fiscal years ended March 31, 2016, April 3, 2015 and April 4, 2014, respectively.

The Company owns two satellites: ViaSat-1 (its first-generation high-capacity Ka-band spot-beam satellite, which was placed into service in January 2012) and WildBlue-1 (which was placed into service in March 2007). During the first quarter of fiscal year 2014, the Company entered into a satellite construction contract for its ViaSat-2 satellite, its second-generation high-capacity Ka-band satellite design. In addition, construction has commenced on two ViaSat-3 class satellites, the Company's third-generation high-capacity Ka-band satellite design, pursuant to a limited authorization to proceed. The Company also has an exclusive prepaid lifetime capital lease of Ka-band capacity over the contiguous United States on Telesat Canada's Anik F2 satellite (which was placed into service in April 2005) and owns related earth stations and networking equipment for all of its satellites. The Company periodically reviews the remaining estimated useful life of its satellites to determine if revisions to estimated lives are necessary. The Company procures indoor and outdoor CPE units leased to subscribers under a retail leasing program as part of the Company's satellite services segment, which are reflected in investing activities and property and equipment in the accompanying consolidated financial statements. The Company depreciates the satellites, earth stations and networking equipment, CPE units and related installation costs over their estimated useful lives. The total cost and accumulated depreciation of CPE units included in property and equipment, net, as of March 31, 2016 were $260.4 million and $136.4 million, respectively. The total cost and accumulated depreciation of CPE units included in property and equipment, net, as of April 3, 2015 were $250.3 million and $107.8 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 March 31, 2016 and April 3, 2015. The Company capitalized costs of $15.4 million and $15.1 million related to acquiring and obtaining orbital slots and other licenses included in other assets as of March 31, 2016 and April 3, 2015, respectively. Accumulated amortization related to these assets was $1.7 million and $1.4 million as of March 31, 2016 and April 3, 2015, respectively. Amortization expense related to these assets was an insignificant amount for the fiscal years ended March 31, 2016, April 3, 2015 and April 4, 2014. 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 2016, 2015 and 2014, the Company did not write off any significant costs due to abandonment or impairment.

Debt issuance costs

Debt issuance costs are amortized and recognized as interest expense using the effective interest rate method, or, when the results are not materially different, on a straight-line basis over the expected term of the related debt. During fiscal year 2016, the Company capitalized an insignificant amount of debt issuance costs. During fiscal years 2015 and 2014, the Company capitalized $3.5 million and $2.5 million, respectively, of debt issuance costs. Unamortized debt issuance costs related to extinguished debt are expensed at the time the debt is extinguished and recorded in loss on extinguishment of debt in the consolidated statements of operations and comprehensive income (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 $163.1 million and $119.9 million related to software developed for resale were included in other assets as of March 31, 2016 and April 3, 2015, respectively. The Company capitalized $75.4 million and $52.4 million of costs related to software developed for resale for fiscal years ended March 31, 2016 and April 3, 2015, respectively. Amortization expense for software development costs was $32.2 million, $23.5 million and $11.1 million during fiscal years 2016, 2015 and 2014, 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) are less than the asset's carrying value. Any required impairment loss would be measured as the amount by which the asset's carrying value exceeds its fair value, and would be recorded as a reduction in the carrying value of the related asset and charged to results of operations. No material impairments were recorded by the Company for fiscal years 2016, 2015 and 2014.

The Company accounts for its goodwill under the authoritative guidance for goodwill and other intangible assets (ASC 350) and the provisions of Accounting Standards Update (ASU) 2011-08, Intangibles — Goodwill and Other (ASC 350): Testing Goodwill for Impairment, which simplifies how the Company tests goodwill for impairment. Current authoritative guidance allows the Company to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. If, after completing the qualitative assessment, the Company determines that it is more likely than not that the estimated fair value is

greater than the carrying value, the Company concludes that no impairment exists. If it is more likely than not that the carrying value of the reporting unit exceeds its estimated fair value, the Company compares the fair value of the reporting unit to its carrying value. If the estimated fair value of the reporting unit is less than the carrying value, a second step is performed in which the implied fair value of goodwill is compared to its carrying value. If the implied fair value of goodwill is less than its carrying value, goodwill must be written down to its implied fair value, resulting in goodwill impairment. The Company tests goodwill for impairment during the fourth quarter every fiscal year and when an event occurs or circumstances change such that it is reasonably possible that an impairment may exist.

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

Based on the Company's qualitative assessment performed during the fourth quarter of fiscal year 2016, the Company concluded that it was more likely than not that the estimated fair value of the Company's reporting units exceeded their carrying value as of March 31, 2016, and therefore, determined it was not necessary to perform the two-step goodwill impairment test. No impairments were recorded by the Company related to goodwill and other intangible assets for fiscal years 2016, 2015 and 2014.

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 accrued liabilities 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 costs, the Company bases its estimates on its experience with the technology involved and the types of failures that may occur. It is possible that the Company's underlying assumptions will not reflect the actual experience and in that case, future adjustments will be made to the recorded warranty obligation (see Note 13).

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 $3.8 million and $3.9 million as of March 31, 2016 and April 3, 2015, respectively. The Company's estimate, which is subject to inherent variability, is based on average claims experience in the Company's industry and its own experience in terms of frequency and severity of claims, including asserted and unasserted claims incurred but not reported, with no explicit provision for adverse fluctuation from year to year. This variability may lead to ultimate payments being either greater or less than the amounts presented above. Self-insurance liabilities have been classified as a current liability in accrued liabilities in accordance with the estimated timing of the projected payments.

Indemnification provisions

In the ordinary course of business, the Company includes indemnification provisions in certain of its contracts, generally relating to parties with which the Company has commercial relations. Pursuant to these agreements, the Company will indemnify, hold harmless and agree to reimburse the indemnified party for losses suffered or incurred by the indemnified party, including but not limited to losses relating to third-party intellectual property claims. To date, there have not been any material costs incurred in connection with such indemnification clauses. The Company's insurance policies do not necessarily cover the cost of defending indemnification claims or providing indemnification, so if a claim was filed against the Company by any party that the Company has agreed to indemnify, the Company could incur substantial legal costs and damages. A claim would be accrued when a loss is considered probable and the amount can be reasonably estimated. At March 31, 2016 and April 3, 2015, 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

As of March 31, 2016 and April 3, 2015, the Company had no shares of common stock held in treasury.

During fiscal years 2016, 2015 and 2014, the Company issued 703,043, 647,006 and 654,020 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 263,137, 236,446 and 242,965 shares of common stock at cost with a total value of $16.4 million, $14.8 million and $15.6 million during fiscal years 2016, 2015 and 2014, respectively. The shares of common stock repurchased during fiscal year 2016 and the fourth quarter of fiscal year 2015 were immediately retired.

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

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

Derivatives

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

During fiscal years 2016, 2015 and 2014, the Company settled certain foreign exchange contracts and in connection therewith for each year recognized an insignificant gain or loss recorded in cost of revenues based on the nature of the underlying transactions. The fair value of the Company's foreign currency forward contracts was an insignificant amount recorded as an other current asset as of March 31, 2016. The notional value of foreign currency forward contracts outstanding as of March 31, 2016 was $5.0 million. The Company had no foreign currency forward contracts outstanding as of April 3, 2015.

At March 31, 2016 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 insignificant. The Company's foreign currency forward contracts outstanding as of March 31, 2016 will mature within approximately twelve to thirty-six months from their inception. There were no gains or losses from ineffectiveness of these derivative instruments recorded for fiscal years 2016, 2015 and 2014.

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 2016, 2015 and 2014, the Company recorded losses of approximately $5.1 million, $0.6 million and $3.3 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. As of March 31, 2016, the DCAA had completed its incurred cost audit for fiscal year 2004 and approved the Company's incurred cost claims for fiscal years 2005 through 2015 without further audit. Although the Company has recorded contract revenues subsequent to fiscal year 2015 based upon an estimate of costs that the Company believes will be approved upon final audit or review, the Company does not know the outcome of any ongoing or future audits or reviews and adjustments, and if future adjustments exceed the Company's estimates, its profitability would be adversely affected. As of March 31, 2016 and April 3, 2015, the Company had $2.5 million and $4.3 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 12).

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 (SG&A) expenses. Advertising expenses for fiscal years 2016, 2015 and 2014 were $12.2 million, $17.0 million and $18.9 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 2016, 2015 and 2014 only for those awards ultimately expected to vest, with forfeitures estimated at the date of grant. The authoritative guidance for share-based payments requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Independent research and development

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

Rent expense, deferred rent obligations and deferred lease incentives

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

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

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

At March 31, 2016 and April 3, 2015, deferred rent included in other long-term liabilities in the Company's consolidated balance sheets was $8.8 million and $8.3 million, respectively.

Income taxes

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

income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and income tax disclosures. The Company's policy is to recognize interest expense and penalties related to income tax matters as a component of income tax expense.

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

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 year ended April 4, 2014, as the Company incurred a net loss for fiscal year 2014 and inclusion of potential common stock would be antidilutive.

Segment reporting

The Company's reporting segments, namely its satellite services, commercial networks and government systems segments, are primarily distinguished by the type of customer and the related contractual requirements. The Company's satellite services segment provides satellite-based broadband services to customers, enterprises, commercial airlines and mobile broadband customers primarily in the United States. The Company's commercial networks segment develops and offers advanced end-to-end satellite and wireless communication systems, ground networking equipment and space-to-earth connectivity systems, some of which are ultimately used by the Company's satellite services segment. The Company's government systems segment develops and offers network-centric, Internet Protocol (IP)-based fixed and mobile secure government communications systems, products, services and solutions and provides global mobile broadband service and product offerings. The more regulated government environment is subject to unique contractual requirements and possesses economic characteristics which differ from the satellite services and commercial networks segments. The Company's segments are determined consistent with the way management currently organizes and evaluates financial information internally for making operating decisions and assessing performance (see Note 14).

Recent authoritative guidance

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. This guidance became effective for the Company beginning in the first quarter of fiscal year 2016 and the guidance did not have a material impact on the Company's consolidated financial statements and disclosures.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers. ASU 2014-09 requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to a customer. This guidance will replace most existing revenue recognition guidance and will be effective for the Company beginning in fiscal year 2019, including interim periods within that reporting period, based on the FASB decision in July 2015 (ASU 2015-14, Revenue from Contract with Customers — Deferral of the Effective Date) to delay the effective date of the new revenue recognition standard by one year, but providing entities a choice to adopt the standard as of the original effective date. In March 2016, the FASB issued ASU 2016-08, Principal vs Agent Considerations (Reporting Revenue Gross versus Net), which clarifies the implementation guidance on principal versus agent considerations. In April 2016, the FASB issued ASU 2016-10, Identifying Performance Obligations and Licensing, which clarifies the implementation guidance on identifying performance obligations and the licensing implementation guidance. In May 2016, the FASB issued ASU 2016-12, Narrow-Scope Improvements and Practical Expedients, which provides practical expedient for contract modifications and clarification on assessing the collectability criterion, presentation of sales taxes, measurement date for noncash consideration and completed contracts at transition. These standards permit the use of either the retrospective or cumulative effect transition method. The Company has not selected a transition method and is currently evaluating the impact these standards will have on its consolidated financial statements and disclosures.

In February 2015, the FASB issued ASU 2015-02, Consolidation (ASC 810): Amendments to the Consolidation Analysis. ASU 2015-02 amended the process that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. This guidance will become effective for the Company in fiscal year 2017, 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.

In April 2015, the FASB issued ASU 2015-03, Interest — Imputation of Interest (ASC 835-30): Simplifying the Presentation of Debt Issuance Costs. ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. In August 2015, the FASB issued ASU 2015-15, Interest — Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements. ASU 2015-15 provides additional guidance to ASU 2015-03, which did not address presentation or subsequent measurement of debt issuance costs related to line-of-credit arrangements. ASU 2015-15 noted that staff of the Securities and Exchange Commission (the SEC) would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. This new guidance will be effective for the Company in fiscal year 2017, with early adoption permitted. The new guidance shall be applied on a retrospective basis, wherein the balance sheet of each individual period presented should be adjusted to reflect the period-specific effects of applying the new guidance. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements and disclosures.

In April 2015, the FASB issued ASU 2015-05, Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement. ASU 2015-05 provides guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The new guidance does not change the accounting for a customer's accounting for service contracts. ASU 2015-05 is effective for the Company in fiscal year 2017 with early adoption permitted using either of two methods: (i) prospectively to all arrangements entered into or materially modified after the effective date and represent a change in accounting principle; or (ii) retrospectively. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In July 2015, the FASB issued ASU 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory. ASU 2015-11 simplifies the guidance on the subsequent measurement of inventory, excluding inventory measured using last-in, first out or the retail inventory method. Under the new standard, in scope inventory should be measured at the lower of cost and net realizable value. The new standard should be applied prospectively and will become effective for the Company in fiscal year 2018, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In September 2015, the FASB issued ASU 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments. ASU 2015-16 requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. Under current GAAP, the acquirer is required to retrospectively apply adjustments made to provisional amounts recognized in a business combination. The new standard should be applied prospectively and will become effective for the Company in fiscal year 2017, 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.

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

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

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

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

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

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

In March 2016, the FASB issued ASU 2016-09, Compensation — Stock Compensation (Topic 718). ASU 2016-09 simplifies various aspects related to how share-based payments are accounted for and presented in the financial statements. The new guidance we become effective for the Company beginning in fiscal year 2018, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

Note 2 — Composition of Certain Balance Sheet Captions

	As of March 31, 2016	As of April 3, 2015
	(In thousands)	
Accounts receivable, net:		
Billed	$ 146,309	$ 120,345
Unbilled	141,568	147,049
Allowance for doubtful accounts	(1,153)	(1,055)
	$ 286,724	$ 266,339
Inventories:		
Raw materials	$ 46,757	$ 42,716
Work in process	27,200	22,957
Finished goods	71,204	62,694
	$ 145,161	$ 128,367
Prepaid expenses and other current assets:		
Prepaid expenses	$ 43,562	$ 40,106
Other	5,799	4,596
	$ 49,361	$ 44,702
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
Satellites under construction	515,696	328,857
	1,173,880	987,041
Less accumulated depreciation and amortization	(275,683)	(224,820)
	$ 898,197	$ 762,221
Property and equipment, net:		
Equipment and software (estimated useful life of 2-7 years)	$ 568,663	$ 511,717
CPE leased equipment (estimated useful life of 4-5 years)	260,409	250,281
Furniture and fixtures (estimated useful life of 7 years)	25,501	20,395
Leasehold improvements (estimated useful life of 2-17 years)	71,895	67,723
Building (estimated useful life of 24 years)	8,923	8,923
Land	41,960	1,621
Construction in progress	73,535	17,890
	1,050,886	878,550
Less accumulated depreciation	(563,976)	(460,528)
	$ 486,910	$ 418,022
Other assets:		
Deferred income taxes	$ 134,721	$ 132,864
Capitalized software costs, net	163,061	119,936
Patents, orbital slots and other licenses, net	16,900	16,900
Other	32,079	57,183
	$ 346,761	$ 326,883
Accrued liabilities:		
Collections in excess of revenues and deferred revenues	$ 64,624	$ 83,528
Accrued employee compensation	35,056	27,953
Accrued vacation	28,646	25,859
Warranty reserve, current portion	7,867	9,235
Current portion of other long-term debt	274	260
Other	47,877	44,491
	$ 184,344	$ 191,326
Other liabilities:		
Deferred revenue, long-term portion	$ 5,470	$ 4,894
Deferred rent, long-term portion	8,808	8,307
Warranty reserve, long-term portion	3,567	6,310
Satellite performance incentives obligation, long-term portion	19,514	$ 20,121
Deferred income taxes	12	363
	$ 37,371	$ 39,995

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 measured at fair value on a recurring basis as of March 31, 2016 and April 3, 2015:

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

	Fair Value as of April 3, 2015	Level 1	Level 2	Level 3
		(In thousands)		
Assets:				
Cash equivalents	$ 2,033	$ 2,033	$ —	$ —
Total assets measured at fair value on a recurring basis	$ 2,033	$ 2,033	$ —	$ —

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 Revolving Credit Facility) and its direct loan facility with the Export-Import Bank of the United States for ViaSat-2 (the Ex-Im Credit Facility and, together with the Revolving Credit Facility, the Credit Facilities), as well as $575.0 million in aggregate principal amount of the Company's 6.875% Senior Notes due 2020 (2020 Notes). Long-term debt related to the Revolving Credit Facility is reported at the outstanding principal amount of borrowings, while long-term debt related to the Ex-Im Credit Facility and 2020 Notes is reported at amortized cost. However, for disclosure purposes, the Company is required to measure the fair value of outstanding debt on a recurring basis. As of March 31, 2016 and April 3, 2015, 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 $597.3 million and $610.9 million, respectively. The fair value of the Company's long-term debt related to the Revolving Credit Facility approximates its carrying amount due to its variable interest rate, which approximates a market interest rate. As of March 31, 2016, the fair value of the Company's long-term debt related to the Ex-Im Credit Facility was determined based on a discounted cash flow analysis using observable market interest rates for instruments with similar terms (Level 2) and was approximately $219.9 million.

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 March 31, 2016 and April 3, 2015, the Company's estimated satellite performance incentives obligation and accrued interest was $22.0 million and $22.4 million, respectively.

Note 4 — Goodwill and Acquired Intangible Assets

During fiscal year 2016, the $0.2 million decrease in the Company's goodwill related to the effects of foreign currency translation recorded mainly within the Company's government systems and commercial networks segments. During fiscal year 2015, the Company's goodwill increased by $33.6 million, of which $34.6 million was related to the acquisition of NetNearU recorded within the Company's government systems segment, partially offset by the effect of foreign currency translation recorded within the Company's government systems and commercial networks segments.

During fiscal year 2016, $7.7 million of the increase in the Company's other acquired intangible assets related to the acquisition of Engreen recorded within the Company's commercial networks segment. All other amounts recorded related to the acquisition of Engreen were not significant. During fiscal year 2015, $24.3 million of the increase in the Company's other acquired intangible assets related to the acquisition of NetNearU recorded within the Company's government systems segment. Other acquired intangible assets are amortized using the straight-line method over their estimated useful lives of two to ten years. Amortization expense related to other acquired intangible assets was $16.4 million, $18.0 million and $14.6 million for the fiscal years ended March 31, 2016, April 3, 2015 and April 4, 2014, 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:

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

The allocation of the other acquired intangible assets and the related accumulated amortization as of March 31, 2016 and April 3, 2015 is as follows:

		As of March 31, 2016			As of April 3, 2015		
	Weighted Average Useful Life	Total	Accumulated Amortization	Net book Value	Total	Accumulated Amortization	Net book Value
	(In years)			(In thousands)			
Technology	6	$ 74,848	$ (59,921)	$ 14,927	$ 67,403	$ (55,939)	$ 11,464
Contracts and customer relationships	8	99,499	(83,928)	15,571	99,556	(74,019)	25,537
Satellite co-location rights	9	8,600	(5,818)	2,782	8,600	(4,893)	3,707
Trade name	3	5,940	(5,918)	22	5,940	(5,788)	152
Other	7	8,717	(8,415)	302	8,722	(7,242)	1,480
Total other acquired intangible assets		$ 197,604	$ (164,000)	$ 33,604	$ 190,221	$ (147,881)	$ 42,340

Note 5 — Senior Notes and Other Long-Term Debt

Total long-term debt consisted of the following as of March 31, 2016 and April 3, 2015:

	As of March 31, 2016	As of April 3, 2015
	(In thousands)	
Senior Notes		
2020 Notes	$ 575,000	$ 575,000
Unamortized premium on the 2020 Notes	6,374	7,657
Total senior notes, net of premium	581,374	582,657
Less: current portion of the senior notes	—	—
Total senior notes long-term, net	581,374	582,657
Other Long-Term Debt		
Revolving Credit Facility	180,000	210,000
Ex-Im Credit Facility (1)	218,157	20,476
Unamortized discount on the Ex-Im Credit Facility (1)	(25,757)	(7,302)
Other	562	822
Total other long-term debt	372,962	223,996
Less: current portion of other long-term debt	274	260
Other long-term debt, net	372,688	223,736
Total debt	954,336	806,653
Less: current portion	274	260
Long-term debt, net	$ 954,062	$ 806,393

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

The estimated aggregate amounts and timing of payments on the Company's long-term debt obligations as of March 31, 2016 for the next five fiscal years and thereafter were as follows (excluding the effects of premium accretion on the 2020 Notes and discount accretion under the Ex-Im Credit Facility, and the amendment of the Revolving Credit Facility in May 2016, which, among other matters, extended the maturity date under the Revolving Credit Facility until May 2021 (or March 2020, if more than $200.0 million of the Company's 2020 Notes are then outstanding and certain conditions are met)):

For the Fiscal Years Ending	(In thousands)
2017	$ 263
2018	300
2019	207,270
2020	27,270
2021	602,270
Thereafter	136,346
	973,719
Plus: unamortized premium (discount)	(19,383)
Total	$ 954,336

Revolving Credit Facility

As of March 31, 2016, the Revolving 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. On May 24, 2016, subsequent to fiscal year end, the Company amended its Revolving Credit Facility to, among other matters, increase the size of the revolving line of credit under the Revolving Credit Facility from $500.0 million to $800.0 million and extend the maturity date to May 2021 (or March 2020, if more than $200.0 million of the Company's 2020 Notes are then outstanding and certain conditions are met).

Borrowings under the Revolving Credit Facility bear interest, at the Company's option, at either (1) the highest of the Federal Funds rate plus 0.50%, the Eurodollar rate plus 1.00%, or the administrative agent's prime rate as announced from time to time, or (2) the Eurodollar rate, plus, in the case of each of (1) and (2), an applicable margin that is based on the Company's total leverage ratio. At March 31, 2016, the weighted average effective interest rate on the Company's outstanding borrowings under the Revolving Credit Facility was 2.44%. The Company has capitalized certain amounts of interest expense on the Revolving Credit Facility in connection with the construction of various assets during the construction period. The Revolving Credit Facility is required to be guaranteed by certain significant domestic subsidiaries of the Company (as defined in the Revolving Credit Facility) and secured by substantially all of the Company's and any such subsidiaries' assets. As of March 31, 2016, none of the Company's subsidiaries guaranteed the Revolving Credit Facility.

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

The Company was in compliance with its financial covenants under the Revolving Credit Facility as of March 31, 2016. At March 31, 2016, the Company had $180.0 million in principal amount of outstanding borrowings under the Revolving Credit Facility and $42.8 million outstanding under standby letters of credit, leaving borrowing availability under the Revolving Credit Facility as of March 31, 2016 of $277.2 million.

Ex-Im Credit Facility

As of March 31, 2016, the Ex-Im Credit Facility provided a $386.7 million senior secured direct loan facility, $343.1 million of which can be used to finance up to 85% of the costs of construction, launch and insurance of the ViaSat-2 satellite and related goods and services (including costs incurred on or after September 18, 2012), with the remainder used to finance the total exposure fees incurred under the Ex-Im Credit Facility of up to $43.6 million (depending on the total amount of financing borrowed under the Ex-Im Credit Facility). The Ex-Im Credit Facility was amended on March 23, 2016 to, among other matters, reduce the total size of the Ex-Im Credit Facility from $524.9 million to $386.7 million to reflect revised estimates of ViaSat-2 project expenses, the fact that payments to the launch service provider for the ViaSat-2 satellite will no longer be financed under the Ex-Im Credit Facility and the associated reduction in completion exposure fees.

Borrowings under the Ex-Im Credit Facility bear interest at a fixed rate of 2.38% and are required to be repaid in 16 approximately equal semi-annual installments, commencing approximately six months after the in-orbit acceptance date of the ViaSat-2 satellite (or, if earlier, on April 15, 2018), with a maturity date of October 15, 2025. Exposure fees of $6.0 million were incurred in connection with the initial borrowing under the Ex-Im Credit Facility, with the remaining exposure fees payable by the in-orbit acceptance date for ViaSat-2. Exposure fees under the Ex-Im Credit Facility are amortized using the effective interest rate method. The effective interest rate on the Company's outstanding borrowings under the Ex-Im Credit Facility, which takes into account estimated timing and amount of borrowings, exposure fees, debt issuance costs and other fees, was estimated to be between 4.1% and 4.9% as of March 31, 2016. The Ex-Im Credit Facility is guaranteed by ViaSat and is secured by first-priority liens on the ViaSat-2 satellite and related assets, as well as a pledge of the capital stock of the borrower under the facility.

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

The Company was in compliance with its financial covenants under the Ex-Im Credit Facility as of March 31, 2016. At March 31, 2016, the Company had $197.2 million in principal amount of outstanding borrowings under the Ex-Im Credit Facility and had accrued $21.0 million in completion exposure fees expected to be financed under the Ex-Im Credit Facility. As of March 31, 2016, the undrawn commitment under the Ex-Im Credit Facility was $168.5 million (excluding $21.0 million of accrued completion exposure fees), of which $151.9 million was available to finance ViaSat-2 related costs once incurred. The borrowings under the Ex-Im Credit Facility were issued with a discount of $28.1 million (comprising the initial $6.0 million exposure fee, the completion exposure fees accrued as of March 31, 2016 and other customary fees). The borrowings under the Ex-Im Credit Facility are recorded as long-term debt, net of discount, in the Company's consolidated financial statements. The discount and deferred financing cost associated with the issuance of the borrowings under the Ex-Im Credit Facility is amortized to interest expense on an effective interest rate basis over the term of the borrowings under the Ex-Im Credit Facility.

Senior Notes due 2020

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

The 2020 Notes are required to be guaranteed on an unsecured senior basis by each of the Company's existing and future subsidiaries that guarantees the Revolving Credit Facility. As of March 31, 2016, none of the Company's subsidiaries guaranteed the 2020 Notes. The 2020 Notes are the Company's general senior unsecured obligations and rank equally in right of payment with all of the Company's existing and future unsecured unsubordinated debt. The 2020 Notes are effectively junior in right of payment to the Company's existing and future secured debt, including under the Credit Facilities (to the extent of the value of the assets securing such debt), are structurally subordinated to all existing and future liabilities (including trade payables) of the Company's subsidiaries that do not guarantee the 2020 Notes, and are senior in right of payment to all of their existing and future subordinated indebtedness.

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

The Company may 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).

Note 6 — Common Stock and Stock Plans

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

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

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

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

	Fiscal Years Ended		
	March 31, 2016	April 3, 2015	April 4, 2014
		(In thousands)	
Stock-based compensation expense before taxes	$ 47,510	$ 39,353	$ 33,639
Related income tax benefits	(18,089)	(14,889)	(12,685)
Stock-based compensation expense, net of taxes	$ 29,421	$ 24,464	$ 20,954

For fiscal years 2016, 2015 and 2014 the Company recorded no incremental tax benefits from stock options exercised and restricted stock unit awards vesting as the excess tax benefit from stock options exercised and restricted stock unit awards vesting increased the Company's net operating loss carryforward.

The Company has no awards with market or performance conditions. The compensation cost that has been charged against income for the Equity Participation Plan under the authoritative guidance for share-based payments was $45.2 million, $37.2 million and $31.7 million, and for the Employee Stock Purchase Plan was $2.3 million, $2.1 million and $1.9 million, for the fiscal years ended March 31, 2016, April 3, 2015 and April 4, 2014, respectively. The Company capitalized $5.6 million, $2.5 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 equipment and software for the internal use included in property, equipment and satellites for fiscal years 2016, 2015 and 2014, respectively.

As of March 31, 2016, 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 $130.1 million and $0.7 million, respectively. These costs are expected to be recognized over a weighted average period of 2.6 years and 2.8 years, for stock options and restricted stock units, respectively, under the Equity Participation Plan and less than six months for the Employee Stock Purchase Plan.

Stock options and employee stock purchase plan. The Company's employee stock options typically have a simple four-year vesting schedule and a six 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 2016 was $20.35 and $13.37 per share, respectively, during fiscal year 2015 was $22.22 and $14.18 per share, respectively, and during fiscal year 2014 was $23.03 and $16.32 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 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Volatility	32.9%	34.0%	40.2%	24.6%	30.6%	34.3%
Risk-free interest rate	1.7%	1.7%	1.3%	0.3%	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 2016 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 April 3, 2015	1,827,143	$ 46.90		
Options granted	439,000	61.42		
Options canceled	—	—		
Options exercised	(432,706)	31.25		
Outstanding at March 31, 2016	1,833,437	$ 54.07	3.57	$ 35,593
Vested and exercisable at March 31, 2016	921,513	$ 47.84	2.40	$ 23,632

The total intrinsic value of stock options exercised during fiscal years 2016, 2015 and 2014 was $14.5 million, $28.9 million and $25.9 million, respectively. All options issued under the Company's stock option plans have an exercise price equal to the fair market value of the Company's stock on the date of the grant.

Restricted stock units. Restricted stock units represent a right to receive shares of common stock at a future date determined in accordance with the participant's award agreement. There is no exercise price and no 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 2016, 2015 and 2014, the Company recognized $38.4 million, $31.4 million and $26.7 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 2016, 2015 and 2014 was $61.81, $65.20 and $61.52, respectively. A summary of restricted stock unit activity for fiscal year 2016 is presented below:

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value per Share
Outstanding at April 3, 2015	1,973,921	$ 55.42
Awarded	1,153,513	61.81
Forfeited	(55,052)	58.48
Released	(703,043)	52.30
Outstanding at March 31, 2016	2,369,339	$ 59.39
Vested and deferred at March 31, 2016	132,670	$ 35.30

The total fair value of shares vested related to restricted stock units during the fiscal years 2016, 2015 and 2014 was $43.8 million, $30.6 million and $25.2 million, respectively.

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

	Fiscal Years Ended		
	March 31, 2016	April 3, 2015	April 4, 2014
	(In thousands)		
Weighted average:			
Common shares outstanding used in calculating basic net income (loss) per share attributable to ViaSat, Inc. common stockholders	48,464	47,139	45,744
Options to purchase common stock as determined by application of the treasury stock method	281	475	—
Restricted stock units to acquire common stock as determined by application of the treasury stock method	533	515	—
Potentially issuable shares in connection with certain terms of the ViaSat 401(k) Profit Sharing Plan and Employee Stock Purchase Plan	167	156	—
Shares used in computing diluted net income (loss) per share attributable to ViaSat, Inc. common stockholders	49,445	48,285	45,744

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

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 year ended April 4, 2014, as the Company incurred a net loss attributable to ViaSat, Inc. common stockholders for the fiscal year ended April 4, 2014 and inclusion of potentially dilutive shares of common stock would be antidilutive. Potentially dilutive shares of 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.

Note 8 — Income Taxes

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

	Fiscal Years Ended		
	March 31, 2016	April 3, 2015	April 4, 2014
	(In thousands)		
United States	$ 20,280	$ 58,185	$ (31,850)
Foreign	(2,683)	(4,467)	(2,754)
	$ 17,597	$ 53,718	$ (34,604)

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

	Fiscal Years Ended		
	March 31, 2016	April 3, 2015	April 4, 2014
	(In thousands)		
Current tax provision			
Federal	$ 132	$ (216)	$ 798
State	543	1,507	540
Foreign	148	115	12
	823	1,406	1,350
Deferred tax (benefit) provision			
Federal	2,266	14,546	(11,188)
State	(7,090)	(1,477)	(16,032)
Foreign	(172)	(648)	(77)
	(4,996)	12,421	(27,297)
Total (benefit from) provision for income taxes	$ (4,173)	$ 13,827	$ (25,947)

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

	As of	
	March 31, 2016	April 3, 2015
	(In thousands)	
Deferred tax assets:		
Net operating loss carryforwards	$ 222,332	$ 223,642
Tax credit carryforwards	129,333	112,183
Other	64,459	72,807
Valuation allowance	(17,089)	(15,550)
Total deferred tax assets	399,035	393,082
Deferred tax liabilities:		
Intangible assets	(82,295)	(66,340)
Property, equipment and satellites	(182,030)	(194,242)
Total deferred tax liabilities	(264,325)	(260,582)
Net deferred tax assets	$ 134,710	$ 132,500

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

	Fiscal Years Ended		
	March 31, 2016	April 3, 2015	April 4, 2014
	(In thousands)		
Tax provision (benefit) at federal statutory rate	$ 6,167	$ 18,808	$ (12,132)
State tax provision, net of federal benefit	1,197	4,014	(3,555)
Tax credits, net of valuation allowance	(16,016)	(14,055)	(13,217)
Non-deductible compensation	2,457	1,966	1,337
Non-deductible meals and entertainment	751	759	678
Stock-based compensation	551	478	232
Change in state effective tax rate	(354)	508	(308)
Foreign effective tax rate differential, net of valuation allowance	859	898	536
Other	215	451	482
Total (benefit from) provision for income taxes	$ (4,173)	$ 13,827	$ (25,947)

As of March 31, 2016, the Company had federal and state research credit carryforwards of $96.7 million and $104.0 million, respectively, which begin to expire in fiscal year 2026 and fiscal year 2018, respectively. As of March 31, 2016, the Company had alternative minimum tax (AMT) and foreign tax credit (FTC) carryforwards of $0.4 million and $1.2 million, respectively. The AMT credit does not expire and the FTC begins to expire in fiscal year 2021. As of March 31, 2016, the Company had federal and state net operating loss carryforwards of $708.6 million and $585.5 million, respectively, which begin to expire in fiscal year 2020 and fiscal year 2016, 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 2016, the Company did not realize any excess tax benefits. As of March 31, 2016, the Company had $52.9 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. In the event that the Company's estimate of taxable income is less than that required to utilize the full amount of any deferred tax asset, a valuation allowance is established which would cause a decrease to income in the period such determination is made. A valuation allowance of $17.1 million at March 31, 2016 and $15.6 million at April 3, 2015 has been established relating to state net operating loss carryforwards and research credit carryforwards that, based on management's estimate of future taxable income attributable to certain states and generation of additional research credits, are considered more likely than not to expire unused.

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

	As of		
	March 31, 2016	April 3, 2015	April 4, 2014
	(In thousands)		
Balance, beginning of fiscal year	$ 41,769	$ 37,395	$ 34,491
(Decrease) increase related to prior year tax positions	(586)	524	(249)
Increases related to current year tax positions	3,897	3,897	4,459
Statute expirations	—	(47)	(1,306)
Balance, end of fiscal year	$ 45,080	$ 41,769	$ 37,395

Of the total unrecognized tax benefits at March 31, 2016, $36.8 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 2013 through 2015. 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 2012 to 2015 remain open to examination by state and foreign taxing jurisdictions. The Company believes that it has appropriate support for the income tax positions taken on its tax returns and its accruals for tax liabilities are adequate for all open years based on an assessment of many factors, including past experience and interpretations. The Company's policy is to recognize interest expense and penalties related to income tax matters as a component of income tax expense. There were no accrued interest or penalties associated with uncertain tax positions as of March 31, 2016 and April 3, 2015.

Note 9 — Acquisitions and Strategic Partnering Arrangements

Eutelsat equity strategic partnering arrangements

In February 2016, the Company entered into a framework and subscription agreement (the Framework Agreement) with Eutelsat, pursuant to which the Company has agreed to enter into a strategic partnering arrangement with Eutelsat to own and operate satellite broadband infrastructure and equipment and provide satellite-based broadband internet services in the European region. The arrangement will consist of two entities coordinating efforts to expand the European broadband market: an entity to be owned 51% by Eutelsat and 49% by the Company following the closing will own and operate Eutelsat's KA-SAT satellite and related assets and offer wholesale satellite capacity services in the European region; and an entity to be owned 51% by the Company and 49% by Eutelsat following the closing will purchase wholesale satellite capacity services and offer retail satellite-based broadband internet services in the European region. At the closing under the Framework Agreement, Eutelsat will contribute and transfer assets relating to Eutelsat's existing wholesale satellite broadband business (including its KA-SAT satellite) to a newly formed subsidiary of Eutelsat in exchange for the issuance of new shares in such subsidiary, and following such contribution and issuance, the Company will purchase 49% of the issued shares of Eutelsat's subsidiary from Eutelsat for €132.5 million and, similarly, Eutelsat will purchase 49% of the issued shares of a second newly formed subsidiary of the Company for an immaterial amount. Also at the closing, the Company and Eutelsat will enter into shareholders' agreements and other ancillary agreements with respect to the ownership, management and operation of the two entities. The closing of the transactions under the Framework Agreement is subject to customary conditions, including the receipt of required regulatory approvals and third-party consents. The Company currently anticipates that the closing will occur in the second quarter of fiscal year 2017.

NetNearU acquisition

On June 6, 2014, the Company completed the acquisition of all outstanding shares of NetNearU. The purchase price for NetNearU was $60.2 million in cash consideration. The net cash outlay for the acquisition, after taking into account cash acquired of $4.1 million, was $56.1 million.

The Company accounts for business combinations pursuant to the authoritative guidance for business combinations (ASC 805). Accordingly, the Company allocated the purchase price of the acquired company to the net tangible assets and intangible assets acquired based upon their estimated fair values. Under the authoritative guidance for business combinations, acquisition-related transaction costs and acquisition-related restructuring charges are not included as components of consideration transferred but are accounted for as expenses in the period in which the costs are incurred. Merger-related transaction costs incurred by the Company during the first quarter of fiscal year 2015 were approximately $0.4 million, which were recorded in SG&A expenses.

The purchase price allocation of the acquired assets and assumed liabilities based on the estimated fair values as of June 6, 2014 is as follows:

	(In thousands)
Current assets	$ 8,482
Property and equipment	1,087
Identifiable intangible assets	24,310
Goodwill	34,576
Total assets acquired	68,455
Current liabilities	(5,305)
Other long-term liabilities	(2,981)
Total liabilities assumed	(8,286)
Total purchase price	$ 60,169

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

	Fair value (In thousands)	Estimated weighted average life (In years)
Technology	$ 10,970	7
Customer relationships	10,950	9
Non-compete agreements	2,130	2
Trade name	260	2
Total identifiable intangible assets	$ 24,310	8

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

NetNearU has developed a comprehensive network management system for Wi-Fi and other internet access networks that the Company has used to extend the Company's Exede® broadband services to a wider subscriber base in multiple markets, including commercial airlines, live events, hospitality, enterprise networking and government broadband projects. NetNearU's primary operations currently support government applications with the potential for future expansion into commercial applications. These current benefits and additional opportunities were among the factors that were taken into account in setting the purchase price and contributed to the recognition of preliminary estimated goodwill, which was recorded within the Company's government systems segment. The intangible assets and goodwill recognized are not deductible for federal income tax purposes.

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

Note 10 — 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 2016 fiscal year end, the Company elected to settle the discretionary contributions liability in shares of the Company's common stock, consistent with fiscal year 2015. Based on the closing price of the Company's common stock at the 2016 fiscal year end, the Company would issue 184,889 shares of common stock at this time. Discretionary contributions accrued by the Company as of March 31, 2016 and April 3, 2015 amounted to $13.6 million and $11.6 million, respectively.

Note 11 — 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.

During the fourth quarter of fiscal year 2016, construction also commenced on two ViaSat-3 class satellites, the Company's third-generation high-capacity Ka-band satellite design, pursuant to a limited authorization to proceed entered into with the satellite manufacturer under which the Company's payment obligations are limited to $56.5 million in the aggregate.

In addition to the satellite construction arrangements described above, the Company also enters into various other satellite-related purchase commitments, including with respect to the provision of launch services, operation of our satellites and satellite insurance. As of March 31, 2016, future minimum payments under the ViaSat-2 satellite construction contract, the ViaSat-3 limited authorization to proceed and other satellite-related purchase commitments for the next five fiscal years and thereafter were as follows:

Fiscal Years Ending	(In thousands)
2017	$ 175,935
2018	36,056
2019	53,345
2020	49,345
2021	1,470
Thereafter	15,032
	$ 331,183

In January 2008, the Company entered into several agreements with Space Systems/Loral, Inc. (SS/L), its former parent company Loral Space & Communications, Inc. (Loral) and Telesat Canada related to the Company's ViaSat-1 satellite, which was placed into service in January 2012. The Company's contract with SS/L requires monthly in-orbit satellite performance incentive payments, including interest, over a 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 March 31, 2016, the Company's estimated satellite performance incentives obligation and accrued interest was approximately $22.0 million, of which $2.5 million and $19.5 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 $32.0 million in total costs for satellite performance incentives obligation and related interest earned over the fifteen-year period with potential future minimum payments of $2.1 million, $2.3 million, $2.4 million, $2.6 million and $2.8 million in fiscal years 2017, 2018, 2019, 2020 and 2021, respectively, with $19.8 million commitments thereafter.

The Company has various other purchase commitments under satellite capacity agreements which are used to provide satellite networking services to its customers for future minimum payments of approximately $44.8 million, $15.4 million, $11.7 million, $9.5 million, $3.7 million and none in fiscal years 2017, 2018, 2019, 2020, 2021 and thereafter, respectively.

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 2017 and fiscal year 2027 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 $27.7 million, $24.5 million and $22.3 million in fiscal years 2016, 2015 and 2014, respectively.

As of March 31, 2016, future minimum lease payments for the next five fiscal years and thereafter were as follows:

Fiscal Years Ending	(In thousands)
2017	$ 29,816
2018	26,802
2019	23,842
2020	20,028
2021	19,787
Thereafter	85,416
	$ 205,691

Note 12 — Contingencies and Certain Matters Resolved During Fiscal Year 2015

Contingencies

From time to time, the Company is involved in a variety of claims, suits, investigations and proceedings arising in the ordinary course of business, including government investigations and claims, and other claims and proceedings with respect to intellectual

property, breach of contract, labor and employment, tax and other matters. Such matters could result in fines; penalties, compensatory, treble or other damages; or non-monetary relief. A violation of government contract laws and regulations could also result in the termination of our government contracts or debarment from bidding on future government contracts. Although claims, suits, investigations and proceedings are inherently uncertain and their results cannot be predicted with certainty, the Company believes that the resolution of its current pending matters will not have a material adverse effect on its business, financial condition, results of operations or liquidity.

In March 2016, the Company's majority-owned subsidiary TrellisWare was informed by the Civil Division of the U.S. Attorney's Office for the Southern District of California that it is investigating TrellisWare's eligibility for certain prior government contracts and whether TrellisWare's conduct in connection therewith violated the False Claims Act. At this time, the Company cannot determine whether the government will initiate a case and, if so, whether TrellisWare would be liable for any damages or penalties, or in what amount. Although the outcome of this investigation is difficult to predict, an unfavorable resolution could have a material impact on the Company's financial results.

The Company has contracts with various U.S. government agencies. Accordingly, the Company is routinely subject to audit and review by the DCMA, the DCAA and other U.S. government agencies of its performance on government contracts, indirect rates and pricing practices, accounting and management internal control business systems, and compliance with applicable contracting and procurement laws, regulations and standards. An adverse outcome to a review or audit or other failure to comply with applicable contracting and procurement laws, regulations and standards could result in material civil and criminal penalties and administrative sanctions being imposed on the Company, which may include termination of contracts, forfeiture of profits, triggering of price reduction clauses, suspension of payments, significant customer refunds, fines and suspension, or a prohibition on doing business with U.S. government agencies. In addition, if the Company fails to obtain an "adequate" determination of its various accounting and management internal control business systems from applicable U.S. government agencies or if allegations of impropriety are made against it, the Company could suffer serious harm to its business or its reputation, including its ability to bid on new contracts or receive contract renewals and its competitive position in the bidding process. The Company's incurred cost audits by the DCAA have not been concluded for fiscal year 2016. As of March 31, 2016, the DCAA had completed its incurred cost audit for fiscal year 2004 and approved the Company's incurred cost claims for fiscal years 2005 through 2015 without further audit. Although the Company has recorded contract revenues subsequent to fiscal year 2015 based upon an estimate of costs that the Company believes will be approved upon final audit or review, the Company does not know the outcome of any ongoing or future audits or reviews and adjustments, and if future adjustments exceed the Company's estimates, its profitability would be adversely affected. As of March 31, 2016 and April 3, 2015, the Company had $2.5 million and $4.3 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.

Certain Matters Resolved During Fiscal Year 2015

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

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

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

During fiscal year 2016, the Company recorded $27.5 million with respect to amounts realized under the Settlement Agreement, of which $25.3 million was recognized as product revenues in the Company's satellite services segment and $2.2 million was recognized as interest income in the consolidated financial statements. During fiscal year 2015, the Company recorded $53.7 million with respect to amounts realized under the Settlement Agreement, of which $33.0 million was recognized as product revenues and $18.7 million was recognized as a reduction to SG&A expenses in the Company's satellite services segment, and $2.0 million was recognized as interest income in the consolidated financial statements. The remaining payments under the Settlement Agreement will be recognized in future periods when realized, and will be recorded as product revenues in the satellite services segment and interest income.

Note 13 — 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 accrued liabilities 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 costs, the Company bases its estimates on its experience with the technology involved and the types of failures that may occur. It is possible that the Company's underlying assumptions will not reflect the actual experience and in that case, future adjustments will be made to the recorded warranty obligation. The following table reflects the change in the Company's warranty accrual in fiscal years 2016, 2015 and 2014.

	Fiscal Years Ended		
	March 31, 2016	April 3, 2015	April 4, 2014
		(In thousands)	
Balance, beginning of period	$ 15,545	$ 17,023	$ 14,107
Change in liability for warranties issued in period	4,327	5,725	10,110
Settlements made (in cash or in kind) during the period	(8,438)	(7,203)	(7,194)
Balance, end of period	$ 11,434	$ 15,545	$ 17,023

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 satellite-based broadband services to consumers, enterprises, commercial airlines and mobile broadband customers primarily in the United States. The Company's commercial networks segment develops and offers advanced end-to-end satellite and wireless communication systems, ground networking equipment and space-to-earth connectivity systems, some of which are ultimately used by the Company's satellite services segment. The Company's government systems segment develops and offers network-centric, IP-based fixed and mobile secure government communications systems, products, services and solutions and provides global mobile broadband service and product offerings. The more regulated government environment is subject to unique contractual requirements and possesses economic characteristics which differ from the satellite services and commercial networks segments. The Company's segments are determined consistent with the way management currently organizes and evaluates financial information internally for making operating decisions and assessing performance.

Segment revenues and operating profits (losses) for the fiscal years ended March 31, 2016, April 3, 2015 and April 4, 2014 were as follows:

	Fiscal Years Ended		
	March 31, 2016	April 3, 2015	April 4, 2014
	(In thousands)		
Revenues:			
Satellite Services			
Product (1)	$ 25,606	$ 33,576	$ 42
Service	533,628	466,284	390,666
Total	559,234	499,860	390,708
Commercial Networks			
Product	228,694	331,052	378,577
Service	22,042	16,078	16,944
Total	250,736	347,130	395,521
Government Systems			
Product	410,521	363,446	407,119
Service	196,940	172,099	158,114
Total	607,461	535,545	565,233
Elimination of intersegment revenues	—	—	—
Total revenues	$ 1,417,431	$ 1,382,535	$ 1,351,462
Operating profits (losses):			
Satellite Services (2)	$ 81,830	$ 62,379	$ (45,991)
Commercial Networks	(111,339)	(33,616)	(12,134)
Government Systems	87,066	72,347	76,038
Elimination of intersegment operating profits	—	—	—
Segment operating profit before corporate and amortization of acquired intangible assets	57,557	101,110	17,913
Corporate	—	—	—
Amortization of acquired intangible assets	(16,438)	(17,966)	(14,614)
Income from operations	$ 41,119	$ 83,144	$ 3,299

(1) Product revenues in the satellite services segment included $25.3 million and $33.0 million for the fiscal years ended March 31, 2016, and April 3, 2015, respectively, relating to amounts realized under the Settlement Agreement. See Note 12.
(2) Operating profits for the satellite services segment included $25.3 million and $51.8 million for the fiscal years ended March 31, 2016, and April 3, 2015, respectively, relating to amounts realized under the Settlement Agreement. See Note 12.

Assets identifiable to segments include: accounts receivable, unbilled accounts receivable, inventory, acquired intangible assets and goodwill. The Company's property and equipment, including its satellites, earth stations and other networking equipment, are assigned to corporate assets as they are available for use by the various segments throughout their estimated useful lives. Segment assets as of March 31, 2016, April 3, 2015 and April 4, 2014 were as follows:

	As of March 31, 2016	As of April 3, 2015	As of April 4, 2014
	(In thousands)		
Segment assets:			
Satellite Services	$ 57,529	$ 63,790	$ 73,382
Commercial Networks	212,943	217,268	229,455
Government Systems	311,927	273,313	206,848
Total segment assets	582,399	554,371	509,685
Corporate assets	1,823,447	1,604,007	1,450,430
Total assets	$ 2,405,846	$ 2,158,378	$ 1,960,115

Other acquired intangible assets, net and goodwill included in segment assets as of March 31, 2016 and April 3, 2015 were as follows:

	Other Acquired Intangible Assets, Net		Goodwill	
	As of March 31, 2016	As of April 3, 2015	As of March 31, 2016	As of April 3, 2015
	(In thousands)			
Satellite Services	$ 8,751	$ 17,873	$ 9,809	$ 9,809
Commercial Networks	6,581	1,443	43,990	43,994
Government Systems	18,272	23,024	63,241	63,438
Total	$ 33,604	$ 42,340	$ 117,040	$ 117,241

Amortization of acquired intangible assets by segment for the fiscal years ended March 31, 2016, April 3, 2015 and April 4, 2014 was as follows:

	Fiscal Years Ended		
	March 31, 2016	April 3, 2015	April 4, 2014
	(In thousands)		
Satellite Services	$ 9,122	$ 11,058	$ 11,058
Commercial Networks	2,569	1,452	1,337
Government Systems	4,747	5,456	2,219
Total amortization of acquired intangible assets	$ 16,438	$ 17,966	$ 14,614

Revenue information by geographic area for the fiscal years ended March 31, 2016, April 3, 2015 and April 4, 2014 was as follows:

	Fiscal Years Ended		
	March 31, 2016	April 3, 2015	April 4, 2014
	(In thousands)		
United States	$ 1,207,651	$ 1,149,700	$ 1,044,737
Europe, Middle East and Africa	80,202	89,982	127,696
Asia, Pacific	79,213	81,397	147,063
North America other than United States	38,957	51,661	25,811
Central and Latin America	11,408	9,795	6,155
Total revenues	$ 1,417,431	$ 1,382,535	$ 1,351,462

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 $23.7 million at March 31, 2016, $14.3 million at April 3, 2015 and $18.5 million at April 4, 2014.

VALUATION AND QUALIFYING ACCOUNTS

For the Three Fiscal Years Ended March 31, 2016

Date		Allowance for Doubtful Accounts
		(In thousands)
Balance, March 29, 2013	$	1,434
Charged (credited) to costs and expenses		4,591
Deductions		(4,471)
Balance, April 4, 2014	$	1,554
Charged (credited) to costs and expenses		3,822
Deductions		(4,321)
Balance, April 3, 2015	$	1,055
Charged (credited) to costs and expenses		5,885
Deductions		(5,787)
Balance, March 31, 2016	$	1,153

Date		Deferred Tax Asset Valuation Allowance
		(In thousands)
Balance, March 29, 2013	$	15,965
Charged (credited) to costs and expenses		(3,133)
Deductions		—
Balance, April 4, 2014	$	12,832
Charged (credited) to costs and expenses		2,718
Deductions		—
Balance, April 3, 2015	$	15,550
Charged (credited) to costs and expenses		1,539
Deductions		—
Balance, March 31, 2016	$	17,089

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 Year 2015				
First Quarter	$	68.50	$	53.03
Second Quarter		61.07		51.50
Third Quarter		68.84		52.26
Fourth Quarter		66.58		55.11
Fiscal Year 2016				
First Quarter	$	64.74	$	59.50
Second Quarter		65.22		56.07
Third Quarter		71.41		58.18
Fourth Quarter		76.58		56.02

As of May 13, 2016, there were approximately 664 holders of record of our common stock. A substantially greater number of holders of ViaSat common stock are "street name" or beneficial holders, whose shares are held of record by banks, brokers and other financial institutions.

Dividend Policy

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

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.

An itemized reconciliation between net income (loss) attributable to ViaSat, Inc. and Adjusted EBITDA is as follows:

Fiscal Years Ended	March 31 2016	April 3 2015	April 4 2014	March 29 2013
(In thousands)				
Net income (loss) attributable to ViaSat, Inc.	$ 21,741	$ 40,363	$ (9,446)	$ (41,172)
(Benefit from) provision for income taxes	(4,173)	13,827	(25,947)	(50,054)
Interest expense, net	23,522	29,426	37,903	43,820
Depreciation and amortization	242,076	221,433	185,064	157,171
Stock-based compensation expense	47,510	39,353	33,639	27,035
Acquisition-related expenses	—	444	—	—
Loss on extinguishment of debt	—	—	—	26,501
Adjusted EBITDA	$ 330,676	$ 344,846	$ 221,213	$ 163,301

An itemized reconciliation between segment operating profit (loss) before corporate and amortization of acquired intangible assets and Adjusted EBITDA is as follows:

Fiscal Year Ended March 31, 2016	Satellite Services	Commercial Networks	Government Systems	Total
(In thousands)				
Segment operating profit (loss) before corporate and amortization of acquired intangible assets	$ 81,830	$ (111,339)	$ 87,066	$ 57,557
Depreciation *	137,541	21,693	33,852	193,086
Stock-based compensation expense	10,798	19,029	17,683	47,510
Other amortization	13,499	14,068	4,985	32,552
Adjusted EBITDA before other	$ 243,668	$ (56,549)	$ 143,586	330,705
Other				(29)
Adjusted EBITDA				$ 330,676

* Depreciation expenses not specifically recorded in a particular segment have been allocated based on other indirect allocable costs, which management believes is a reasonable method.

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 and launch activities; the performance and anticipated benefits of our ViaSat-2 and ViaSat-3 class satellites and any future satellite we may construct or acquire; the expected capacity, service, coverage, service speeds and other features of our satellites, and the timing, cost, economics and other benefits associated therewith; anticipated subscriber growth; our proposed strategic partnering arrangement with Eutelsat S.A. (together with its affiliates, Eutelsat) and the timing, costs, economics and other benefits associated therewith; plans, objectives and strategies for future operations; and other characterizations of future events or circumstances, are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions that are difficult to predict. Factors that could cause actual results to differ materially include: our ability to realize the anticipated benefits of the ViaSat-2 and ViaSat-3 class satellites and any future satellite we may construct or acquire; unexpected expenses related to our satellite projects; our ability to consummate our proposed strategic partnering arrangement with Eutelsat and to realize the anticipated benefits of the strategic partnering arrangement; our ability to successfully implement our business plan for our broadband services on our anticipated timeline or at all; risks associated with the construction, launch and operation of satellites, including the effect of any anomaly, operational failure or degradation in satellite performance; our ability to successfully develop, introduce and sell new technologies, products and services; audits by the U.S. government; changes in the global business environment and economic conditions; delays in approving U.S. government budgets and cuts in government defense expenditures; our reliance on U.S. government contracts, and on a small number of contracts which account for a significant percentage of our revenues; reduced demand for products and services as a result of continued constraints on capital spending by customers; changes in relationships with, or the financial condition of, key customers or suppliers; our reliance on a limited number of third parties to manufacture and supply our products; increased competition; introduction of new technologies and other factors affecting the communications and defense industries generally; the effect of adverse regulatory changes on our ability to sell products and services; our level of indebtedness and ability to comply with applicable debt covenants; our involvement in litigation, including intellectual property claims and litigation to protect our proprietary technology; our dependence on a limited number of key employees; and other factors identified 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 INFO

Board of Directors

MARK DANKBERG
Chairman of the Board and
Chief Executive Officer

FRANK J. BIONDI, JR.
Senior Managing Director
WaterView Advisors LLC

BOB BOWMAN
President of Business and Media
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

MELINDA DEL TORO
Senior Vice President, Human Resources

BRUCE DIRKS
Senior Vice President, Treasury
and Corporate Development

SHAWN DUFFY
Senior Vice President and
Chief Financial Officer

KEVIN HARKENRIDER
Senior Vice President,
Commercial Networks

STEVEN HART
Executive Vice President 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

Annual Meeting

The 2016 Annual Meeting will be held at ViaSat's headquarters, located at 6155 El Camino Real, Founders Hall, Carlsbad, California 92009 on September 8 at 8:30 a.m. Pacific Time.

Independent Registered Public Accounting Firm

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General Legal Counsel

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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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