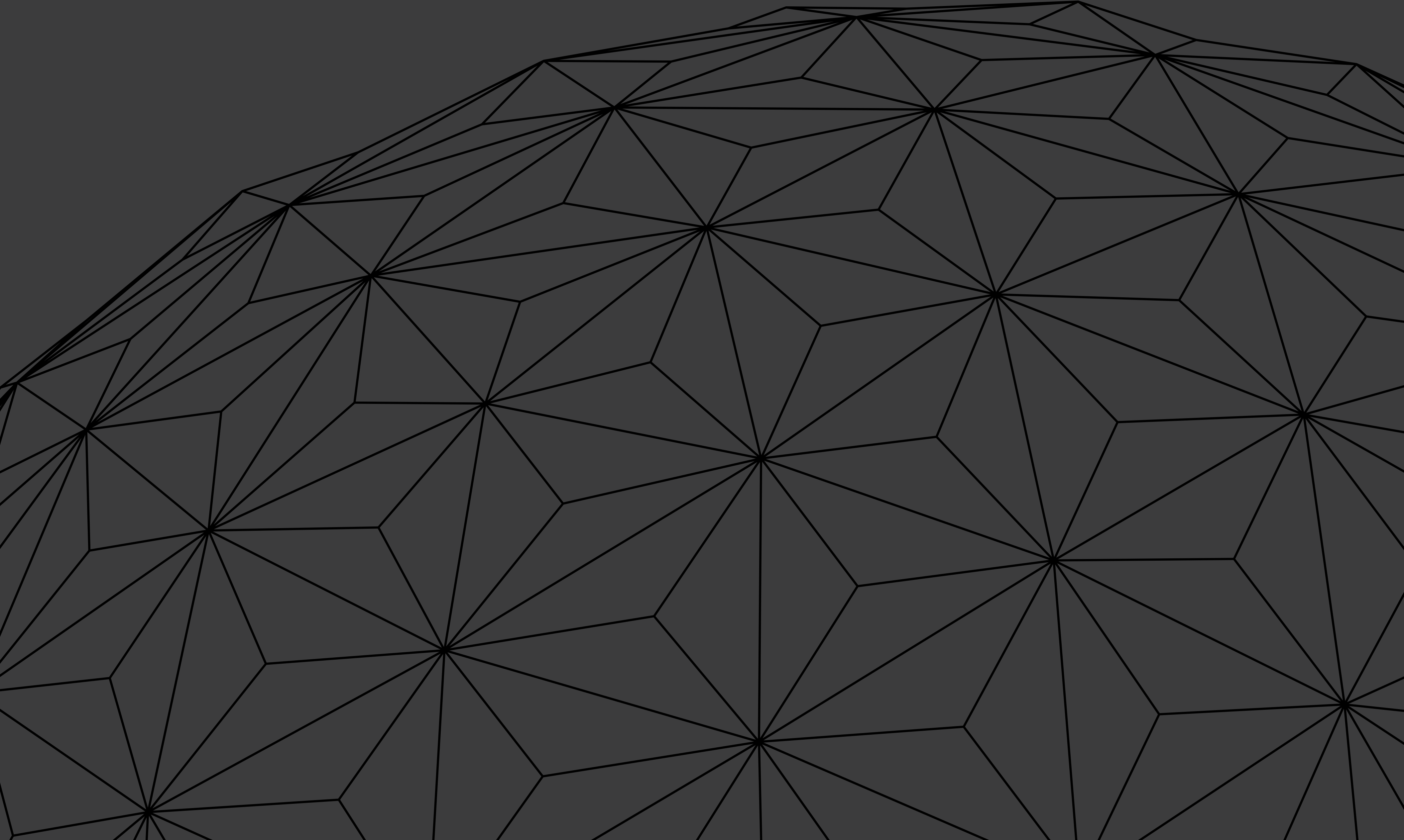
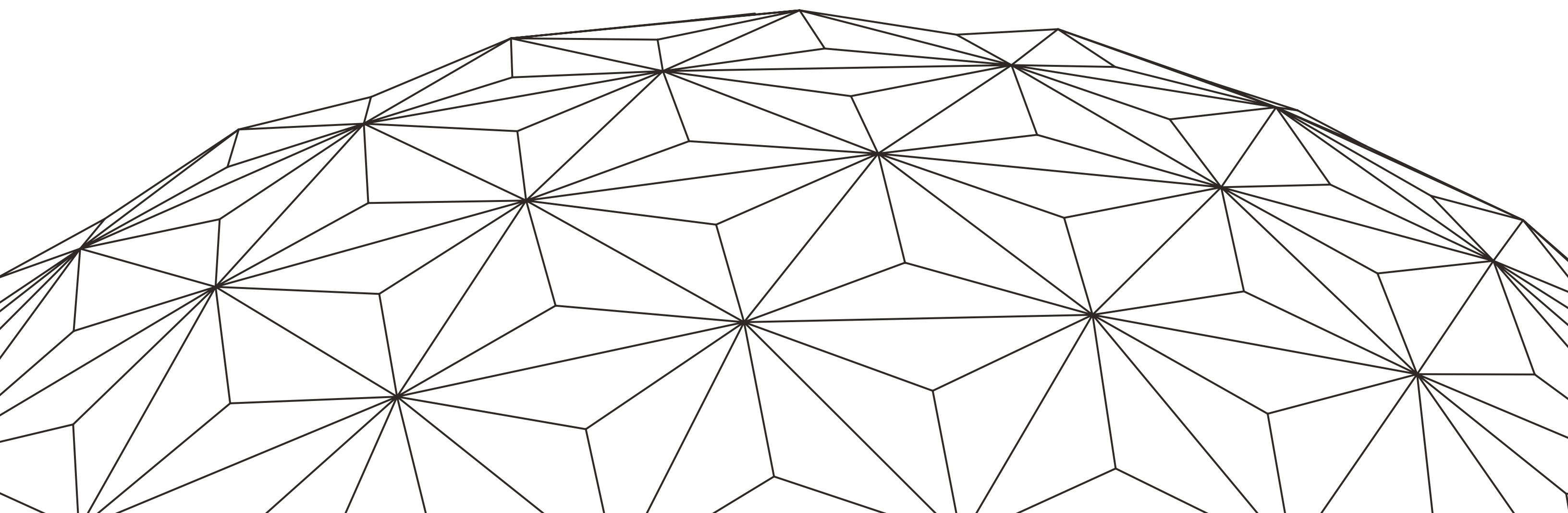


VIASAT 2017 ANNUAL REPORT

A LETTER TO SHAREHOLDERS

FROM MARK DANKBERG



Mark Dankberg Chairman & CEO, **Rick Baldridge** Director, President & COO

DEAR SHAREHOLDERS,

Our annual letter is a good opportunity to reflect a little bit on our accomplishments, communicate our view of the opportunities before us and to convey some of the perspectives that inform our business strategy. I hope this year's version helps promote a better understanding of the way we think about markets, technology and innovation; our motivations for the investments we're making; and ultimately our belief that we can have a meaningful impact on the world while building a profitable business that benefits all our stakeholders.

Though it's been more than 30 years since ViaSat was founded, we still think of the Company as a perpetual start-up. We are constantly seeking opportunities to disrupt established markets with new innovations. Of course, we're now bigger, more capable, more global and have greater market impact than ever. In fiscal year 2017, we set many new company records, including revenue and new contract awards. We are acknowledged leaders in important technologies, especially satellite broadband networks for fixed and mobile users, anti-jam radio networks for situational awareness and cyber security. While we have already earned a reputation for technology excellence, we've also executed what was thought to be a daunting transformation—from a product-focused company to delivering what are widely acknowledged to be the best broadband services in the satellite industry. While we've accomplished much, the growth opportunities in front of us are even more exciting.

REMAINING AGILE IN TIMES OF GROWTH

Our perpetual start-up mindset is more apt today than ever. What makes our growth opportunities so exciting—and the rewards for seizing them so compelling—is that the nature of competition in the markets we target is changing so quickly. Clearly the paths to success in media and telecom are being redefined by the confluence of phenomena such as rapid cost and performance improvements in broadband internet, mobile devices, cloud-based services, over-the-top entertainment, targeted advertising, e-commerce, social media and unlicensed Wi-Fi. The only thing that's certain is that the future will not belong to those that cling to the status quo. It requires a start-up mindset and agile thinking to embrace the pace of change and to see it for what it is: a growth opportunity of historic proportions.

What makes this opportunity especially attractive to us is that we bring to the fray a powerful competitive advantage: extraordinary, economically-productive global broadband satellite resources. ViaSat-2, the highest bandwidth communications satellite ever, was successfully launched on June 1, 2017. Its capacity resources are double that of ViaSat-1 and its coverage area is seven times the size of its formidable predecessor, enabling service for much of Latin America, the Caribbean, the transatlantic crossings, all of the continental U.S. and the high demand areas of Canada. ViaSat-2 also introduces key innovations to enhance the economics and availability of broadband satellite services including dynamically flexible real-time allocations of satellite bandwidth among high-value geographic markets, shared use of additional Ka-band spectrum, much higher peak speeds, and smaller, lower cost fiber network access nodes. We think these capabilities are vital for competing successfully in markets that demand ubiquitous, high-speed, high-bandwidth connectivity.

To begin to realize our vision to offer profitable, affordable, competitive broadband on a global-scale, we've created partnerships with Eutelsat in Europe, and nbn™ in Australia—each recognized for having the most capable broadband satellites in their respective regions. And, we continue to make significant progress on our ViaSat-3 class satellites. Each ViaSat-3 class satellite is designed to deliver well over 1 Tbps (one terabit per second equals one thousand gigabits per second) of network capacity to small user terminals, while covering almost a third of the Earth, and with even greater flexibility in dynamic bandwidth allocation—all at roughly the same capital cost of a ViaSat-2 class system.

We are focused on creating highly differentiated services that are uniquely valuable to our customers. We aim to offer services that the market demands, yet need so much bandwidth that other satellite alternatives struggle to deliver *at any price*. Our strategy is the opposite of delivering the *same* service at a *lower* price. Fortunately, end user demand is so strong that we don't have to convince customers to use bandwidth. Still, in historically bandwidth-scarce satellite markets it takes a well-executed marketing pirouette to transform space assets that deliver the most bandwidth at the lowest cost into services that win the hearts and minds of customers based on *non-price value*. That is exactly why we've chosen a vertically integrated go-to-market strategy, because existing satellite distribution channels wouldn't or couldn't transform their value proposition to capitalize on bandwidth abundance.

To be sure, we have a formidable advantage in satellite bandwidth productivity measured in a number of ways. In terms of sheer useful bandwidth, ViaSat-2 is anticipated to deliver 300 Gbps, or roughly double the 140 Gbps throughput of ViaSat-1 at a modest increase in total capital cost. In contrast, we don't believe any on-orbit mobile broadband specific satellite yet has even 10% of the total throughput of our previous generation ViaSat-1 class satellite, even with comparable total capital investments. The ViaSat-2 network has important additional competitive benefits. It has the lowest cost ground infrastructure per unit bandwidth. We can deliver more bandwidth to individual high-density geographic markets than any other network (think busy hub airports, or popular cruise ship ports). And, it has real-time dynamic capacity routing flexibility at a throughput scale unprecedented in satellite systems to match that bandwidth to daily or seasonal geographic demand fluctuations. Simply put, bandwidth productivity and flexibility are the ingredients for simultaneously delivering excellent performance and value to our customers and superior returns for our shareholders.

Competing claims from different satellite operators, and different re-sellers, make the broadband satellite market seem confusing. Here are some conceptually simple fundamental principles to help understand our technology approach:

1. Satellite *is* wireless communication—so the fundamentals are very analogous to those in fixed or mobile cellular.

2. Improving satellite internet bandwidth is similar to improving mobile wireless. Mobile wireless works with cell sites, spectrum and air standards. The capacity of a cellular system grows with the number of sites, amount of spectrum and efficiency of the network standard. High-demand markets need lots of cells, else millions of people would share a relatively small amount of bandwidth. More cells mean higher total investments, and require more "backhaul" or fiber connections between the mobile network and the internet backbone. Mobile operators measure capital efficiency when they increase bandwidth supply to high demand. These concepts translate directly to broadband satellites.

3. To get a comparison among broadband satellites, leverage the cellular analogy. For broadband satellites spot beams are like cell sites—more beams increase capacity and coverage. Small beams in high-demand areas are better than large beams for the same reasons as in cellular—enabling greater frequency re-use and higher bandwidth density. More spectrum per beam is also better than less. Just as in cellular networks, satellite broadband networks are fed with fiber internet through backhaul at *gateway* sites. The amount of bandwidth delivered *to* end users cannot be more than the amount of bandwidth derived *from* the gateway backhaul network. So, the number of gateway sites is also a good indicator of the capacity of a satellite network.

4. While the concepts are simple—the implementation in space is complex. The trick is to get lots of beams, and lots of spectrum, and lots of flexibility and lots of power into the upper stage of a rocket and survive the journey into space. That depends highly on the level of electronic and mechanical integration for each component, module and subsystem—determining its mass, physical volume and power consumption. The same type of integration now gives mobile network micro cells the same capacity that used to require a big, expensive tower. For ViaSat-3 we are inventing technology to bring that type of integration to space for the first time.

5. Finally, you must re-invent the network itself, not merely end-user devices. That's why mobile networks have evolved from GSM (Global System for Mobile Communications) to Edge, to 3G, to 4G/LTE and then on to 5G. Yes, the performance of individual mobile devices may vary depending on their antenna size, radio or level of integration. But, there is no way to get 4G, or even 3G, network economics out of a GSM handset just by making its antenna bigger or radio faster. In fact, mobile networks use technology to go in exactly the opposite direction. The original analog mobile phones had physically large, extensible antennas *because* the networks were NOT very powerful. There was less spectrum available, cell sizes were large, spectrum re-use was crude and waveforms were not very sophisticated. As networks advanced in all those dimensions antennas could become so small as to disappear into the devices themselves. Yet, the devices became more and more bandwidth efficient and delivered higher speeds at lower subscription costs. That was because of the network. The same effects are obtained with the highest performing, most economical satellite broadband networks such as ViaSat-2 and ViaSat-3. A collection of terminals with big antennas on a low throughput network could outperform smaller terminals on that same network—but they will do much worse than a smaller terminal on a network that is orders of magnitude more capable. And, the fact that there might be lots of GSM network operators in a city to choose from still can't make a GSM handset (no matter how big the antenna) reliably achieve the speed or service price points of LTE. In fact, the most salient metric of broadband performance for new generations of cellular is the same one we focus on—information throughput matched to geographic demand per capital investment dollar. The same is true when you compare a 100 or 300 Gbps satellite network to a 1 or 10 Gbps satellite alternative. The network is the dominant dimension of value—not the antenna, or the modem, or the radio or any individual component.

BROADBAND OPPORTUNITIES ON THE HORIZON

We believe what makes our opportunities so exciting are not just our *supply side* competitive advantages, but also the *demand side* market shifts. In each case the need for speed—achieved by having a lot of bandwidth, especially for video—plays a central role. But, the manifestations are often distinct in each market. Let's take a tour of some of the most exciting opportunities ahead of us.

Residential Broadband: This was our initial market focus with ViaSat-1 because we understood it well from our involvement with every aspect of WildBlue Communications (our initial consumer broadband technology customer) from its very inception. We were confident that growing demand for internet video would enable us to position satellite home internet as a more attractive service than slower terrestrial systems. We believed a *better* service would command higher prices than a *last resort* service that was only "better than dial-up." When video is the driver of internet consumption, offering speed and bandwidth is more valuable than a lower latency connection that can't sustain streaming without buffering. That insight has enabled us to build a satellite services business segment with a revenue run rate of over $600 million per year, at Adjusted EBITDA margins approaching 50%. ViaSat-2 creates the potential for further improvement—reducing our bandwidth capital costs by about half in a low variable cost business. And, the importance of video has only grown as an even larger fraction of internet traffic. Linear over-the-top video will continue that growth trend. We aim to improve our offer to our customers (higher speed, more bandwidth and new value-added services) at competitive prices, while growing margins, improving customer satisfaction and increasing our addressable market. The total number of satellite internet subscribers in the U.S. has exponentially grown since the launch of ViaSat-1 and its first generation disruptive bandwidth productivity—despite continuous and ongoing deployments of a broad range of existing and new terrestrial technologies including fixed and mobile wireless, unlicensed Wireless ISP's, new DSL technologies, next generation cable standards and fiber to the home expansions. We believe our ViaSat-2 and ViaSat-3 technologies will enable us to expand our total addressable market further by offering better services for more homes that, for a variety of reasons, are left behind by the most advanced terrestrial offerings.

In-flight Connectivity: This was the other initial focus that fit our satellite fleet geographic coverage, and we've had even greater impact on defining this exciting growth market. Our low-cost bandwidth has literally turned the industry on its head. In 2011, in-flight connectivity (IFC) was a "concession" on domestic flights. A few passengers paid high prices for meager bandwidth that was better only than no connection at all. ViaSat-1 economics enabled us to create a service with JetBlue that is free to passengers; delivers enough bandwidth to stream video; attracts more passenger engagement; draws in internet and media partners that want to be associated with a positive in-flight experience; works at scale, even at busy hub airports; and ultimately enables airlines to improve both guest satisfaction and their bottom line. ViaSat-2 will enable us to further improve the service at scale; allow for per capita bandwidth consumption growth; expand our coverage to serve new flight routes; rapidly increase the number of aircraft and passengers that we can serve at any given time; and potentially open up new revenue streams that go beyond connecting just the back of the plane (passenger and crew), to now looking at the complete connected cockpit and aircraft, inclusive of big data flight operations.

Government Mobile Broadband: We have already had substantial success with ViaSat-1 in establishing the performance and economic principles that deliver value to our government customers. Mobile satellite broadband has been a growth engine for our government business segment, where revenues grew this past fiscal year to record levels. ViaSat-2 will enable us to further grow this business, by extending coverage and improving performance and economics. With the ViaSat-3 class of satellites already under construction we anticipate another level of global growth from this sector beginning as early as the 2020 timeframe.

Maritime Markets, Especially Cruise Ships: Virtually all of the market characteristics surrounding our success in aeronautical are present in the maritime market. With ViaSat-2 providing ocean coverage, we can apply the same principle—satellite network economic superiority—to serve maritime customers. Cruise ships are a natural first target for us because they host large numbers of people, who currently pay high prices for poor service that undermines an otherwise high-value experience. Highly dense demand environments are the hardest ones for existing satellite networks to serve. Passengers *need* connectivity to share the cruise experience with family and friends, and they depend on near constant access to mobile devices linking them to virtually every aspect of their everyday lives. We're enthused by the size of the global market and our competitive advantages. ViaSat-2 is anticipated to begin to enable the maritime market for us. With ViaSat-3 we aim to earn substantial share early next decade.

Enterprise Services: Traditional VSAT services for large enterprise customers were among the first satellite data *killer* apps. Yet, that market has largely yielded to patchwork DSL and wireless competition because satellite bandwidth became so expensive in the context of growing information technology (IT) demands that it became uneconomical. Our high-capacity satellites can cure that issue. In fact, now more and more brick-and-mortar enterprises are merging their online and off-line presences in ways that are outgrowing the bandwidth capabilities of legacy terrestrial alternatives. Video, and Wi-Fi connectivity to mobile devices at remote sites, also drive bandwidth demands. Connectivity can be so fundamental to physical establishments that redundant broadband links become essential. We envision we can re-capture enterprise remote site communications with the same high-speed, high-bandwidth value proposition that attracts consumers. We've begun test marketing new enterprise services on ViaSat-1, even though the high fill factors due to residential demand have limited our growth. ViaSat-2 will let us expand those initiatives. We still expect this market to lag residential in terms of revenue and subscribers, but, we anticipate that over time it will become increasingly valuable.

Shared Wi-Fi Hot Spots: Finally, one of the most interesting opportunities for satellite broadband is to provide highly cost-effective shared Wi-Fi hot spots wherever the constraints of terrestrial networks make access slow, expensive or wholly unavailable. Growth in global internet penetration is slowing with estimates of close to 4 billion people still lacking access. With ViaSat-2 and ViaSat-3, we can provide affordable high-speed broadband access virtually anywhere with incremental capital costs as low as $1,000 or so per site, including basic local distribution. Wi-Fi connections to mobile devices allow dozens or hundreds of people to share high-speed links at competitive air time prices—even when individual users can only afford a few dollars per month of service. The coverage, density and dynamic bandwidth allocation features of our new satellites allow us to concentrate bandwidth supply where demand is strongest.

A THRIVING GOVERNMENT BUSINESS

Sometimes overlooked amidst the excitement about our satellite innovations and services growth is our government business, which continues to perform exceptionally well despite a challenging defense market. Our government solutions meet key defense needs in mobility, tactical data links and cyber security, among others—driving growth and moving ViaSat up the ranks of the top defense players.

» In Washington Technology's Top 100 Contractors list, as determined by prime contract awards, ViaSat was listed as #56, up 42 spots from 2012's #98 spot.

» According to Frost and Sullivan's calendar year 2016 U.S. Department of Defense (DoD) Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) market report , ViaSat was the #1 communications contractor to the U.S. DoD for 2015 based on contract award amount.

» In the Defense News Top 100 list for calendar year 2016, ViaSat was one of only three U.S.-based companies to see double-digit growth from calendar years 2014 to 2015.

In fiscal year 2017 we delivered strong growth in government systems segment revenue, Adjusted EBITDA and new awards, all setting records for the Company. This performance was achieved in a difficult and competitive defense environment, where according to Defense News overall revenues for calendar year 2016's top 100 defense companies worldwide dropped for the fifth straight year. Case in point, seven of the top 10 defense companies actually saw revenues shrink from 2014 to 2015.

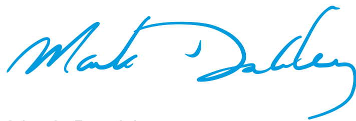
Our success was achieved across our government systems portfolio—including wins from our tactical data links, cyber security and satellite products and services offerings. We continued to win programs of record, but also created new products and services that end-users need, but don't obtain through traditional DoD acquisition processes. We are winning because we are bringing a commercial business approach to the defense market, enabling us to be more nimble and flexible than traditional large, pure-play defense companies. We are capitalizing on our commercial innovations, and effectively transforming traditional thinking by bringing new technologies to high leverage defense segments. Our outlook in government remains bright: we enjoy a strong book-to-bill ratio and large contract backlog that provide good visibility into growth over the near-to-medium term.

OPPORTUNITIES ARE NEARLY LIMITLESS

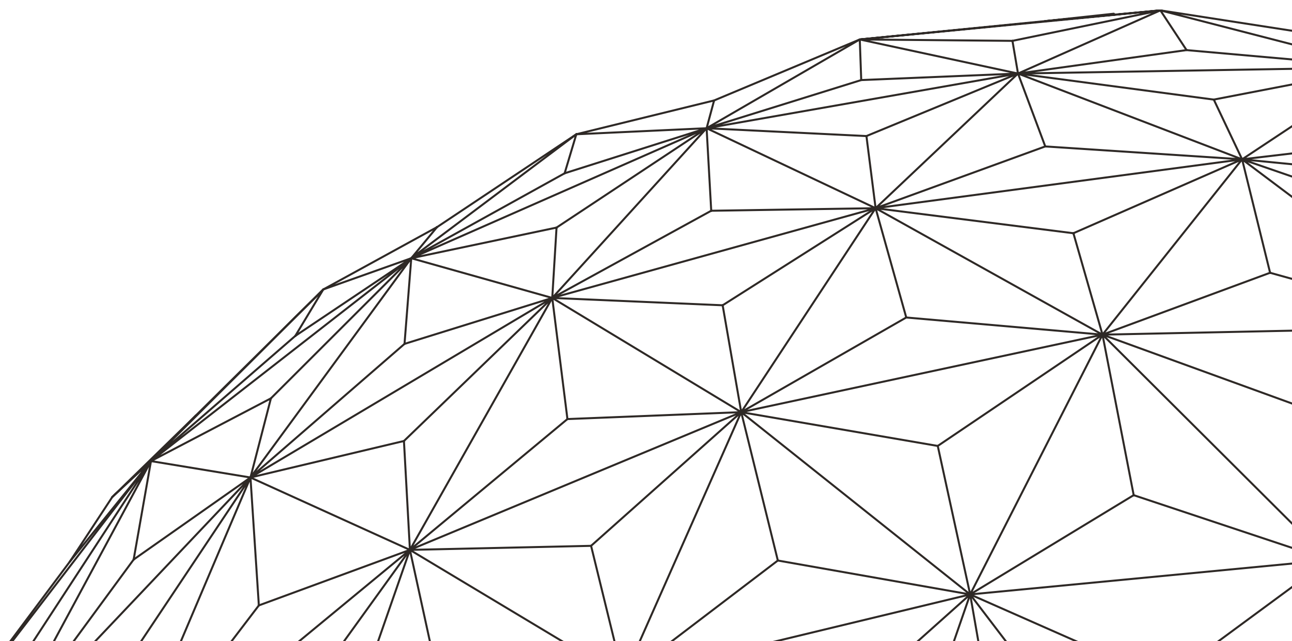
Sustained leadershipin space-based bandwidth productivity appears to offer nearly limitless opportunities for growing our share of the global satellite communications services market, and selectively capturing attractive vertical and geographic markets that might otherwise be exclusively terrestrial. Serving our markets well demands that we learn and perfect new corporate skills—and that's why we love the perpetual start-up mindset. We don't want to grow old and complacent. We want to preserve and cultivate a start-up mentality that constantly questions the status quo. For the foreseeable future, we have our skills in satellite network technology as a calling card to participate in multiple, diverse, vertical and geographic markets that are increasingly dependent on ubiquitous, reliable, fast, high-bandwidth network connections. We think we can parlay that advantage into new skills creating even greater opportunities.

As always, I'd also like to thank the entire ViaSat team for their commitment and dedication; our customers and partners for the opportunity to prove ourselves; our suppliers for their support; and our investors for their confidence in our continued success.

Sincerely,



Mark Dankberg
Chairman of the Board and Chief Executive Officer



EARNINGS HIGHLIGHTS

SATELLITE SERVICES

$629.6 Million

The Satellite Services segment reached multiple record highs, including revenue growth of 13% to $629.6 million, an operating profit increase of 60% year-over-year to $131.1 million and Adjusted EBITDA of $297.4 million*, up 22%, as compared to fiscal year 2016.

RESIDENTIAL BROADBAND SERVICES

Record ARPU (Average Revenue Per User)

$66.02 A 13% increase year-over-year

COMMERCIAL MOBILITY

550+ Commercial aircraft in service

~800 Commercial aircraft expected install orders

» Major Contracts Won:

FINNAIR

QANTAS

COMMERCIAL NETWORKS

$244.6 Million

The Commercial Networks segment revenues were lower, operating loss was higher and Adjusted EBITDA was lower, compared to fiscal year 2016.

SATELLITE SYSTEMS

R&D Progress Made:

- » Passed PDR; ViaSat-3 payloads / next-gen network builds underway
- » First ViaSat-3 flight hardware on target for 2nd half fiscal year 2018

COMMERCIAL IN-FLIGHT SYSTEMS

R&D Progress Made:

- » Secured new supplemental type certificates (STCs)
- » Unveilled Gen-2 equipment for mobility applications

GOVERNMENT SYSTEMS

$685.1 Million

The Government Systems segment performance for fiscal year 2017 included a number of new record highs: revenue growth of 13% to $685.1 million, operating profit growth of 11% to $96.7 million and Adjusted EBITDA growth of 13% to $162.3 million* compared to fiscal year 2016.

$850.7 million in record segment contract awards

1.2:1 segment book-to-bill ratio, with a backlog of $633.3 million

Interest in global mobile broadband services gained momentum; highlighted by demand for enhanced communications for senior U.S. government leader aircraft

Information Assurance revenues rose year-over-year; enabled ViaSat to capture opportunities within new government intelligence communities

FISCAL YEAR 2017 RESULTS MARKED NEW RECORDS

$1.6 billion in revenues

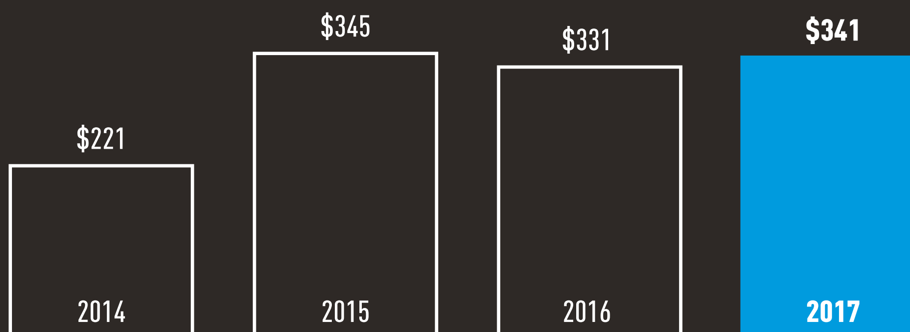
$1.7 billion in contract awards

LOOKING AHEAD

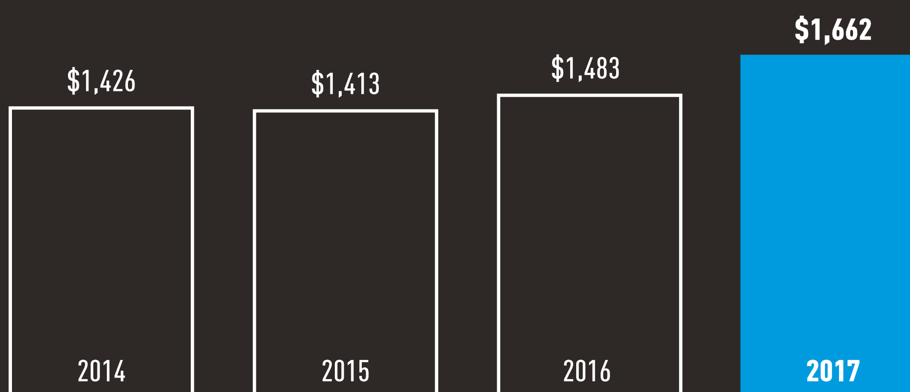
- » The ViaSat-2 satellite launched on June 1, 2017; service launch planned for the fourth quarter of fiscal year 2018
- » ViaSat expects to expand its European services business through its European broadband joint venture with Eutelsat

* See page 74 for reconciliation of segment Adjusted EBITDA to segment operating profit (loss) before corporate and amortization of acquired intangible assets.

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 74 for a reconciliation of Adjusted EBITDA to net income (loss) attributable to ViaSat, Inc.

FINANCIAL PERFORMANCE

TABLE OF CONTENTS

12 Selected Financial Data

13 Management's Discussion and Analysis of Financial Condition and Results of Operations

34 Quantitative and Qualitative Disclosures about Market Risk

35 Summarized Quarterly Data (Unaudited)

Controls and Procedures

37 Report of Independent Registered Public Accounting Firm

38 Consolidated Balance Sheets

39 Consolidated Statements of Operations and Comprehensive Income

40 Consolidated Statements of Cash Flows

41 Consolidated Statements of Equity

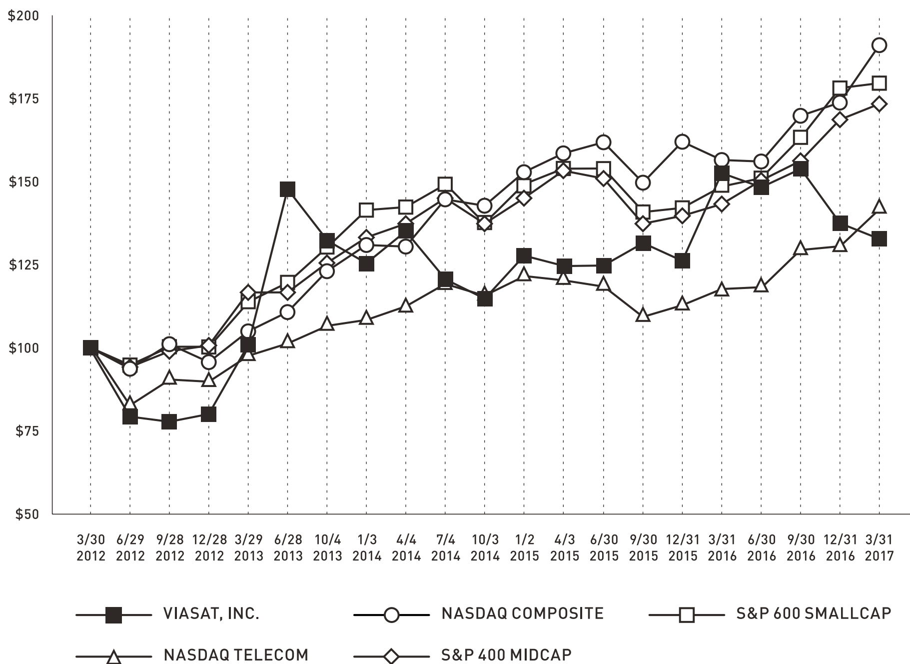
42 Notes to the Consolidated Financial Statements

72 Valuation and Qualifying Accounts

73 Market for Registrant's Common Equity and Related Stockholder Matters

PERFORMANCE GRAPH

The following graph shows the value of an investment of $100 in cash on March 30, 2012 in (1) ViaSat's common stock, (2) the NASDAQ Telecommunications Index, (3) the NASDAQ Composite Index, (4) the S&P MidCap 400 Index and (5) 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, and accordingly both indices are included in the graph below. 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 be 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, 2017. The data as of and for each of the fiscal years in the five-year period ended March 31, 2017 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, 2017	March 31, 2016	April 3, 2015	April 4, 2014	March 29, 2013
	(In thousands, except per share data)				
Consolidated Statements of Operations Data:					
Revenues:					
Product revenues	$ 713,936	$ 664,821	$ 728,074	$ 785,738	$ 664,417
Service revenues	845,401	752,610	654,461	565,724	455,273
Total revenues	1,559,337	1,417,431	1,382,535	1,351,462	1,119,690
Operating expenses:					
Cost of product revenues	524,026	489,246	519,483	571,855	484,973
Cost of service revenues	524,949	495,099	444,431	419,425	363,188
Selling, general and administrative	333,468	298,345	270,841	281,533	240,859
Independent research and development	129,647	77,184	46,670	60,736	35,448
Amortization of acquired intangible assets	10,788	16,438	17,966	14,614	15,584
Income (loss) from operations	36,459	41,119	83,144	3,299	(20,362)
Interest expense, net	(11,075)	(23,522)	(29,426)	(37,903)	(43,820)
Loss on extinguishment of debt	—	—	—	—	(26,501)
Income (loss) before income taxes	25,384	17,597	53,718	(34,604)	(90,683)
Provision for (benefit from) income taxes	3,617	(4,173)	13,827	(25,947)	(50,054)
Net income (loss)	21,767	21,770	39,891	(8,657)	(40,629)
Less: net (loss) income attributable to noncontrolling interests, net of tax	(2,000)	29	(472)	789	543
Net income (loss) attributable to ViaSat, Inc.	$ 23,767	$ 21,741	$ 40,363	$ (9,446)	$ (41,172)
Basic net income (loss) per share attributable to ViaSat, Inc. common stockholders	$ 0.45	$ 0.45	$ 0.86	$ (0.21)	$ (0.94)
Diluted net income (loss) per share attributable to ViaSat, Inc. common stockholders	$ 0.45	$ 0.44	$ 0.84	$ (0.21)	$ (0.94)
Shares used in computing basic net income (loss) per share	52,318	48,464	47,139	45,744	43,931
Shares used in computing diluted net income (loss) per share	53,396	49,445	48,285	45,744	43,931
Consolidated Balance Sheets Data:					
Cash and cash equivalents	$ 130,098	$ 42,088	$ 52,263	$ 58,347	$ 105,738
Working capital (1) (2)	289,339	241,567	221,685	217,641	271,217
Total assets (1)	2,954,653	2,397,312	2,147,405	1,951,160	1,783,680
Senior notes, net (2)	575,380	575,304	575,144	574,906	574,601
Other long-term debt (2)	273,103	370,224	220,276	105,900	1,456
Other liabilities	42,722	37,371	39,995	48,893	52,640
Total ViaSat, Inc. stockholders’ equity	1,734,618	1,129,103	1,038,582	941,012	903,001

(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, 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.

(2) During the first quarter of fiscal year 2017, we adopted ASU 2015-03. The retrospective adoption of this guidance resulted in the reclassification of unamortized debt issuance costs as a direct deduction from the carrying amounts of our 6.875% Senior

Notes due 2020 (2020 Notes) and the direct loan facility with the Export-Import Bank of the United States for ViaSat-2 (the Ex-Im Credit Facility), consistent with unamortized discount, 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 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 information presented reflects the amounts realized under 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. Our fiscal year 2017 information presented reflects amounts realized under the Settlement Agreement of $27.5 million, of which $26.8 million was recognized as product revenues in our satellite services segment, and $0.7 million was recognized as interest income in the consolidated financial statements. As of March 31, 2017 all payments pursuant to the Settlement Agreement have been recorded and no further impacts to our consolidated financial statements are anticipated related to the Settlement Agreement. Refer to Note 13 to the consolidated financial statements for discussion of the amounts realized under the Settlement Agreement. Our fiscal year 2017 information presented also reflects the amounts accrued for uncharacterized damages and penalties of $11.4 million and $0.4 million, respectively, in connection with the False Claims Act civil investigation related to our 52% majority-owned subsidiary TrellisWare Technologies, Inc. (TrellisWare), recognized in SG&A expenses in our government systems segment. The impact of the loss contingency on net income attributable to ViaSat, Inc. stockholders for fiscal year 2017, net of tax, was $4.0 million, with the related amount of $3.7 million recorded to net (loss) income attributable to noncontrolling interests, net of tax. The impact of the loss contingency on basic and diluted net income per share attributable to ViaSat, Inc. common stockholders for fiscal year 2017 was $0.08 per share and $0.07 per share, respectively. At this time, we cannot determine with certainty how or whether the TrellisWare investigation will conclude or whether this will be the final amount of damages and penalties. Refer to Note 13 to the consolidated financial statements for further discussion of the False Claims Act civil investigation.

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.

On November 23, 2016, we completed the sale of an aggregate of 7,475,000 shares of ViaSat common stock in an underwritten public offering. Our net proceeds from the offering were approximately $503.1 million after deducting underwriting discounts and offering expenses. In November 2016, we used $225.0 million of the net proceeds from the offering to repay outstanding borrowings under our revolving credit facility (the Revolving Credit Facility and, together with the Ex-Im Credit Facility, the Credit Facilities). We expect to use the remaining net proceeds for general corporate purposes, which may include financing costs related to the purchase, launch and operation of satellites, potential acquisitions, joint ventures and strategic alliances, working capital or capital expenditures.

Satellite Services

Our satellite services segment provides satellite-based high-speed broadband services to consumers, enterprises, commercial airlines and mobile broadband customers. Our Exede® broadband services offer high-speed, high-quality broadband internet access primarily in the United States. We also offer high-speed internet and other in-flight services for a growing number of commercial 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. The ViaSat-1 satellite (our first-generation high-capacity Ka-band spot-beam satellite) was placed into service in January 2012. Our second-generation ViaSat-2 satellite is currently located at the Arianespace S.A. (Arianespace) launch facility in French Guiana and is undergoing preparations for launch into orbit. Due to recent civil unrest in French Guiana, the scheduled launch date of our ViaSat-2 satellite was further delayed and is currently expected to occur in June 2017 following completion of the launch

preparation process. We currently have two third-generation ViaSat-3 class satellites under construction. We also own the WildBlue-1 satellite, which was placed into service in March 2007.

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, 2017, we provided broadband internet services to approximately 659,000 consumer and small business subscribers.
- In-flight services, including our flagship ViaSat in-flight internet services and aviation software services. As of March 31, 2017, 559 commercial aircraft were in service utilizing our ViaSat in-flight internet services.
- Mobile broadband services, which provide global network management and high-speed internet connectivity services for customers using airborne, maritime and ground-mobile satellite systems.
- Enterprise broadband services, which include business connectivity, live on-line event streaming, oil and natural gas data gathering services and high-definition satellite news gathering.

On March 3, 2017, we consummated our strategic partnering arrangement with Eutelsat S.A. (together with its affiliates, Eutelsat) for the ownership and operation of satellite broadband infrastructure, equipment, and provision of satellite-based broadband internet services in the European region. At the closing of the transaction, Eutelsat contributed and transferred assets relating to its existing wholesale satellite broadband business (including its KA-SAT satellite) to a subsidiary of Eutelsat, Euro Broadband Infrastructure Sàrl (Euro Infrastructure Co.) in exchange for the issuance of new shares in such subsidiary, and immediately following such contribution and issuance, we purchased 49% of the issued shares of Euro Infrastructure Co. from Eutelsat for cash consideration of $139.5 million. Our total net cash outlay for this investment in Euro Infrastructure Co., including approximately $2.4 million of transaction costs, was approximately $141.9 million. Also at the closing, Eutelsat purchased 49% of the issued shares of our subsidiary Euro Broadband Retail Sàrl (Euro Retail Co.) for an immaterial amount. Under the strategic partnering arrangement, Euro Infrastructure Co. owns and operates the KA-SAT satellite and related assets and offers wholesale satellite capacity services in the European region, and Euro Retail Co. purchases wholesale satellite capacity services and offers retail satellite-based broadband internet services in the European region.

In September 2014, we entered into the Settlement Agreement with SS/L and Loral, pursuant to which SS/L and Loral were 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 13 to the consolidated financial statements.

Commercial Networks

Our commercial networks segment develops and produces a variety of advanced satellite and wireless products, systems and solutions that enable the provision of high-speed fixed and mobile broadband services. Our products, systems and solutions include an array of satellite-based and wireless broadband platforms, networking equipment, space hardware, radio frequency and advanced microwave solutions, space-to-earth connectivity systems, customer premise equipment (CPE), satellite modems and antenna technologies, as well as satellite payload development and ASIC chip design. Our products, systems and solutions 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 (with sales of complementary products, systems and solutions to government customers included in our government systems segment). The primary products, systems, solutions and services offered by our commercial networks segment are comprised of:

- Mobile broadband satellite communication systems, designed for use in aircraft and seagoing vessels.
- Fixed satellite networks, including next-generation satellite network infrastructure and ground terminals to access Ka-band broadband services on high-capacity satellites.
- Antenna systems specializing in earth imaging, remote sensing, mobile satellite communication, Ka-band earth stations and other multi-band antennas.
- Satellite networking development, including specialized design and technology services covering all aspects of satellite communication system architecture and technology, including satellite and ground systems, fabless semiconductor design for ASIC and MMIC chips and wide area network (WAN) compression for enterprise networks, as well as modules and subsystems for various commercial, military and space uses and radio frequency and advanced microwave solutions. We

also design and develop high-capacity Ka-band satellites as part of our commercial networks segment (both for our own satellite fleet and for third parties) and design, develop and produce the associated satellite payload technologies.

Government Systems

Our government systems segment provides global mobile broadband services to military and government users, and develops and produces network-centric Internet Protocol (IP)-based fixed and mobile secure communications products and solutions that are designed to enable the collection and dissemination of secure real-time digital information between individuals on the tactical edge, command centers, strategic communications nodes, ground and maritime platforms and airborne intelligence and defense platforms. Customers of our government systems segment include the U.S. Department of Defense (DoD), allied foreign governments, 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, as well as line-of-sight and beyond-line-of-sight Intelligence, Surveillance, and Reconnaissance (ISR) missions.
- 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 Command and Control (C2) missions, satellite networking services and network management systems for Wi-Fi and other internet access networks, 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 16 radios, our KOR-24A 2-channel Small Tactical Terminal for manned and unmanned applications, “disposable” defense data links, our Multifunctional Information Distribution System (MIDS) terminals for military fighter jets and their successor, MIDS Joint Tactical Radio System (MIDS-JTRS) terminals.

Sources of Revenues

Our satellite services segment revenues are primarily derived from our fixed broadband services business, our in-flight services business and our worldwide managed network services.

Revenues in our commercial networks and government systems segments are primarily derived from 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 87%, 90% and 90% of our total revenues for these segments for fiscal years 2017, 2016 and 2015, respectively. The remainder of our revenue in these segments for such periods was derived primarily 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 19%, 20% and 23% of our total revenues during fiscal years 2017, 2016 and 2015, 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 8%, 5% and 3% of total revenues in fiscal years 2017, 2016 and 2015, respectively. As a government contractor, we are able to recover a portion of our IR&D expenses pursuant to our government contracts.

Approximately 13%, 15% and 17% of our total revenues in fiscal years 2017, 2016 and 2015, 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 2017, 2016 and 2015, we recorded losses of approximately $6.0 million, $5.1 million and $0.6 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, 2017 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, 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 12 months. Amounts for obligations extending beyond the 12 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 12 months are classified as accrued liabilities and amounts expected to be incurred beyond 12 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). Our second-generation ViaSat-2 satellite is expected to be launched in June 2017, after further delay in scheduled launch date due to recent civil unrest in French Guiana (the location of the satellite launch). We currently have two third-generation ViaSat-3 class satellites under construction. 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 2017, 2016 and 2015.

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.

In accordance with ASC 350, we assess qualitative factors to determine whether goodwill is impaired. Furthermore, in addition to qualitative analysis, we believe it is appropriate to conduct a quantitative analysis periodically as a prudent review of our reporting unit goodwill fair values. Our quantitative analysis estimates the fair values of the reporting units using discounted cash flows and other indicators of fair value. The forecast of future cash flow is based on our best estimate of each reporting unit's future revenue and operating costs, based primarily on existing firm orders, expected future orders, contracts with suppliers, labor resources, general market conditions, and other relevant factors. Based on a quantitative analysis for fiscal year 2017, we concluded that estimated fair values of our reporting units significantly exceed their respective carrying values.

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 and quantitative assessment performed during the fourth quarter of fiscal year 2017, 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, 2017 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 $17.1 million at March 31, 2016 to $17.7 million at March 31, 2017. The valuation allowance primarily relates to state net operating loss carryforwards and research and development tax credit carryforwards available to reduce state income taxes.

Our analysis of the need for a valuation allowance on deferred tax assets considered historical as well as forecasted future operating results. In addition, our evaluation considered other factors, including our contractual backlog, our history of positive earnings, current earnings trends assuming our satellite services segment continues to grow, taxable income adjusted for certain items, and forecasted income by jurisdiction. We also considered the period over which these net deferred tax assets can be realized and our history of not having federal tax loss carryforwards expire unused.

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, 2017	March 31, 2016	April 3, 2015
Revenues:	100.0%	100.0%	100.0%
Product revenues	45.8	46.9	52.7
Service revenues	54.2	53.1	47.3
Operating expenses:			
Cost of product revenues	33.6	34.5	37.6
Cost of service revenues	33.7	34.9	32.1
Selling, general and administrative	21.4	21.0	19.6
Independent research and development	8.3	5.4	3.4
Amortization of acquired intangible assets	0.7	1.2	1.3
Income from operations	2.3	2.9	6.0
Interest expense, net	(0.7)	(1.7)	(2.1)
Income before income taxes	1.6	1.2	3.9
Provision for (benefit from) income taxes	0.2	(0.3)	1.0
Net income	1.4	1.5	2.9
Net income attributable to ViaSat, Inc.	1.5	1.5	2.9

Fiscal Year 2017 Compared to Fiscal Year 2016

Revenues

(In millions, except percentages)	Fiscal Years Ended March 31, 2017	Fiscal Years Ended March 31, 2016	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Product revenues	$ 713.9	$ 664.8	$ 49.1	7.4%
Service revenues	845.4	752.6	92.8	12.3%
Total revenues	$ 1,559.3	$ 1,417.4	$ 141.9	10.0%

Our total revenues grew by $141.9 million as a result of a $92.8 million increase in service revenues and a $49.1 million increase in product revenues. The service revenue increase was comprised of an increase of $68.3 million in our satellite services segment, $13.4 million in our government systems segment and $11.1 million in our commercial networks segment. The product revenue increase was primarily driven by an increase of $64.2 million in our government systems segment, partially offset by a $17.2 million decrease in our commercial networks segment.

Cost of revenues

(In millions, except percentages)	Fiscal Years Ended March 31, 2017	Fiscal Years Ended March 31, 2016	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Cost of product revenues	$ 524.0	$ 489.2	$ 34.8	7.1%
Cost of service revenues	524.9	495.1	29.9	6.0%
Total cost of revenues	$ 1,049.0	$ 984.3	$ 64.6	6.6%

Cost of revenues increased by $64.6 million due to a $34.8 million increase in cost of product revenues and $29.9 million increase in cost of service revenues. The cost of product revenue increase was primarily due to increased revenues, causing a $36.1 million increase in cost of product revenues on a constant margin basis. This cost of product revenue increase mainly related to our cybersecurity and information assurance products and tactical data links products in our government systems segment. The cost of service revenue increase was primarily due to increased service revenues, which generated a $61.0 million increase in cost of service revenues on a constant margin basis. This increase mainly related to our Exede broadband services and in-flight services in our satellite services segment, as well as our network management services for Wi-Fi and other internet access networks in our government systems segment, and was partially offset by improved margins from our Exede broadband services resulting from a higher mix of subscribers choosing premium service plans and value-added service bundles compared to the prior year period in our satellite services segment and improved margins in our government mobile broadband services in our government systems segment.

Selling, general and administrative expenses

(In millions, except percentages)	Fiscal Years Ended March 31, 2017	Fiscal Years Ended March 31, 2016	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Selling, general and administrative	$ 333.5	$ 298.3	$ 35.1	11.8%

The $35.1 million increase in SG&A expenses was primarily attributable to higher support costs of $41.4 million spread across all three segments. The increase in SG&A expenses included the amounts accrued in fiscal year 2017 in our government systems segment for uncharacterized damages and penalties of $11.4 million and $0.4 million, respectively, in connection with the False Claims Act civil investigation related to our 52% majority-owned subsidiary TrellisWare. The impact of the loss contingency on net income attributable to ViaSat, Inc. stockholders for fiscal year 2017, net of tax, was $4.0 million, with the related amount of $3.7 million recorded to net (loss) income attributable to noncontrolling interests, net of tax, while the impact on basic and diluted net income per share attributable to ViaSat, Inc. common stockholders for fiscal year 2017 was $0.08 per share and $0.07 per share, respectively. Refer to Note 13 to the consolidated financial statements for further discussion of the False Claims Act civil investigation. The increase in SG&A expenses was partially offset by lower new business proposal costs mainly in our government systems segment as well as lower selling costs in our satellite services segment. In addition to the amounts accrued for the TrellisWare False Claims Act civil investigation, 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, 2017	Fiscal Years Ended March 31, 2016	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Independent research and development	$ 129.6	$ 77.2	$ 52.5	68.0%

The $52.5 million increase in IR&D expenses was primarily the result of increased IR&D efforts in our commercial networks segment of $51.1 million, primarily related to research increases in next-generation satellite payload technologies for our ViaSat-3 class satellites, mobile broadband satellite communication systems and next-generation consumer broadband integrated networking technologies.

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 $5.7 million decrease in amortization of acquired intangible assets in fiscal year 2017 compared to fiscal year 2016 was primarily the result of certain acquired customer relationship intangibles in our satellite services segment becoming fully amortized over the preceding fiscal year. Expected amortization expense for acquired intangible assets for each of the following periods is as follows:

	Amortization (In thousands)
Expected for fiscal year 2018	$ 11,733
Expected for fiscal year 2019	9,076
Expected for fiscal year 2020	7,312
Expected for fiscal year 2021	4,993
Expected for fiscal year 2022	3,171
Thereafter	5,392
	$ 41,677

Interest income

The $1.2 million decrease in interest income in fiscal year 2017 compared to fiscal year 2016 was due to a decrease of $1.5 million in the amount of payments under the Settlement Agreement recognized as interest income during fiscal year 2017 compared to fiscal year 2016. As of March 31, 2017 all payments pursuant to the Settlement Agreement have been recorded and no further impacts to our consolidated financial statements are anticipated related to the Settlement Agreement.

Interest expense

The $13.7 million decrease in interest expense year-over-year was primarily due to an increase of $19.6 million in the amount of interest capitalized during fiscal year 2017 compared to fiscal year 2016. This decrease was partially offset by increased interest expense due to the overall higher amount of outstanding borrowings during fiscal year 2017 compared to fiscal year 2016. Capitalized interest expense during fiscal years 2017 and 2016 related to the construction of our ViaSat-2 and related gateway and networking equipment, construction of our ViaSat-3 class satellites, and other assets.

Provision for (benefit from) income taxes

Income tax expense in fiscal year 2017 reflected the tax expense from our income before income taxes and the benefit from federal and state research tax credits. 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 included 15 months of federal research tax credit (comprising three months from fiscal year 2015 and 12 months from fiscal year 2016), whereas fiscal year 2017 only included 12 months of federal research tax credit. 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.

Segment Results for Fiscal Year 2017 Compared to Fiscal Year 2016

Satellite services segment

Revenues

(In millions, except percentages)	Fiscal Years Ended March 31, 2017	Fiscal Years Ended March 31, 2016	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ 27.7	$ 25.6	$ 2.1	8.2%
Segment service revenues	601.9	533.6	68.3	12.8%
Total segment revenues	$ 629.6	$ 559.2	$ 70.4	12.6%

Our satellite services segment revenues grew by $70.4 million as a result of a $68.3 million increase in service revenues and a $2.1 million increase in product revenues. The increase in service revenues was primarily driven by higher average revenue per Exede broadband subscriber, as well as the expansion of our in-flight services compared to the prior year period. As of March 31, 2017, 559 commercial aircraft were in service utilizing our in-flight internet services, compared to 476 commercial aircraft in service as of March 31, 2016. Total subscribers of our fixed broadband services decreased year over year, with approximately 659,000 subscribers at March 31, 2017 compared to 697,000 subscribers at March 31, 2016.

Segment operating profit

(In millions, except percentages)	Fiscal Years Ended March 31, 2017	Fiscal Years Ended March 31, 2016	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment operating profit	$ 131.1	$ 81.8	$ 49.3	60.2%
Percentage of segment revenues	20.8%	14.6%		

The $49.3 million increase in operating profit for our satellite services segment was driven primarily by higher earnings contributions of $52.6 million primarily due to the increase in service revenues. The higher average revenue per Exede broadband subscriber in the current year period was primarily driven by a higher mix of subscribers choosing premium service plans and value-added service bundles compared to the prior year period, and resulted in increased service revenues and improved margins. We also experienced positive contributions from our mobile broadband services and in-flight services in fiscal year 2017.

Commercial networks segment

Revenues

(In millions, except percentages)	Fiscal Years Ended March 31, 2017	Fiscal Years Ended March 31, 2016	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ 211.5	$ 228.7	$ (17.2)	(7.5)%
Segment service revenues	33.1	22.0	11.1	50.4%
Total segment revenues	$ 244.6	$ 250.7	$ (6.1)	(2.4)%

Our commercial networks segment revenues decreased by $6.1 million, due to a $17.2 million decrease in product revenues partially offset by a $11.1 million increase in service revenues. The product revenue decrease was comprised mainly of a decrease of $21.1 million in mobile broadband satellite communication systems and a decrease of $7.4 million in fixed satellite networks (reflecting the nearing of completion of the Australian Ka-band infrastructure project and a decrease from our next-generation Ka-band system contract in Canada), partially offset by an increase of $6.0 million related to satellite networking development programs and an increase of $5.3 million in antenna systems products. The service revenue increase was primarily due to a $10.5 million increase related to fixed satellite networks support agreements.

Segment operating loss

(In millions, except percentages)	Fiscal Years Ended March 31, 2017	Fiscal Years Ended March 31, 2016	Dollar (Increase) Decrease	Percentage (Increase) Decrease
Segment operating loss	$ (180.5)	$ (111.3)	$ (69.2)	(62.1)%
Percentage of segment revenues	(73.8)%	(44.4)%		

The $69.2 million increase in operating loss for our commercial networks segment was driven primarily by a $51.1 million increase in IR&D expenses (primarily due to an increase in IR&D efforts relating to next-generation satellite payload technologies for our ViaSat-3 class satellites, mobile broadband satellite communication systems and next-generation consumer broadband integrated networking technologies) and lower earnings contributions of $10.6 million primarily due to lower revenues and lower margins in our mobile broadband satellite communication systems. Additionally, support costs increased $8.5 million compared to the prior year period.

Government systems segment

Revenues

(In millions, except percentages)	Fiscal Years Ended March 31, 2017	Fiscal Years Ended March 31, 2016	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ 474.8	$ 410.5	$ 64.2	15.6%
Segment service revenues	210.3	196.9	13.4	6.8%
Total segment revenues	$ 685.1	$ 607.5	$ 77.6	12.8%

Our government systems segment revenues increased by $77.6 million, due to a $64.2 million increase in product revenues and a $13.4 million increase in service revenues. The product revenue increase was primarily due to a $25.9 million increase in cybersecurity and information assurance products, a $19.1 million increase in tactical data link products, an $11.4 million increase in tactical satcom radio products and a $7.8 million increase in government satellite communications systems. Of the service revenues increase, $11.1 million related to our network management services for Wi-Fi and other internet access networks.

Segment operating profit

(In millions, except percentages)	Fiscal Years Ended March 31, 2017	Fiscal Years Ended March 31, 2016	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment operating profit	$ 96.7	$ 87.1	$ 9.6	11.0%
Percentage of segment revenues	14.1%	14.3%		

The $9.6 million increase in our government systems segment operating profit reflected higher earnings contributions of $35.3 million primarily due to higher revenues and improved margins in our cybersecurity and information assurance products, tactical data link products and tactical satcom radio products. This operating profit increase was partially offset by higher overall SG&A expenses of $24.4 million. The increase in our government systems segment SG&A expenses included the amounts accrued in fiscal year 2017 for uncharacterized damages and penalties of $11.4 million and $0.4 million, respectively, in connection with the False Claims Act civil investigation related to our 52% majority-owned subsidiary TrellisWare. The impact of the loss contingency on net income attributable to ViaSat, Inc. stockholders for fiscal year 2017, net of tax, was $4.0 million, with the related amount of $3.7 million recorded to net (loss) income attributable to noncontrolling interests, net of tax, while the impact on basic and diluted net income per share attributable to ViaSat, Inc. common stockholders for fiscal year 2017 was $0.08 per share and $0.07 per share, respectively. Refer to Note 13 to the consolidated financial statements for further discussion of the False Claims Act civil investigation.

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 a 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 13 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 services and in-flight internet services in our satellite services segment and the addition of our network management services for Wi-Fi and other internet access networks resulting from our acquisition in June 2014 of NetNearU Corp. (NetNearU) 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 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 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 15 months of federal research tax credit (comprising three months from fiscal year 2015 and 12 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 12 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 fixed broadband 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 internet 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 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 internet services.

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 government 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 52% majority-owned subsidiary 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, the subsidiary we 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).

Unrestricted Subsidiaries

We have designated our majority-owned subsidiaries TrellisWare and Euro Retail Co. as "Unrestricted Subsidiaries" under the indenture governing our 2020 Notes. The financial position and results of operations of our Unrestricted Subsidiaries are included in our consolidated financial statements. Under the indenture governing our 2020 Notes, due to the significance of the net loss of our 52% majority-owned subsidiary TrellisWare for fiscal year 2017, which reflected our accrual for uncharacterized damages and penalties of $11.8 million recorded in the fourth quarter of fiscal year 2017 in connection with the False Claims Act civil investigation related to TrellisWare, we are required to present information sufficient to ascertain our financial condition and results of operations excluding our Unrestricted Subsidiaries. The impact of the loss contingency on net income attributable to ViaSat, Inc. stockholders for fiscal year 2017, net of tax, was $4.0 million, with the related amount of $3.7 million recorded to net (loss) income attributable to noncontrolling interests, net of tax, while the impact on basic and diluted net income per share attributable to ViaSat, Inc. common stockholders for fiscal year 2017 was $0.08 per share and $0.07 per share, respectively. The net loss of our Unrestricted Subsidiaries for the fiscal year ended March 31, 2017 was $4.2 million, which related primarily to TrellisWare. For the fiscal year ended March 31, 2017, total revenues and expenses of our Unrestricted Subsidiaries were immaterial to our consolidated results. For the fiscal years ended March 31, 2016 and 2015, total revenues, expenses and net income (loss) of our Unrestricted Subsidiaries were immaterial to

our consolidated results. As of March 31, 2017 and 2016, total assets and liabilities of our Unrestricted Subsidiaries were immaterial to our consolidated results.

Backlog

As reflected in the table below, our overall firm and funded backlog increased during fiscal year 2017. The increases in both firm and funded backlog were attributable to increases in our government systems segment.

	As of March 31, 2017	As of March 31, 2016
	(In millions)	
Firm backlog		
Satellite services segment	$ 125.2	$ 169.6
Commercial networks segment	265.9	286.7
Government systems segment	633.3	485.6
Total	$ 1,024.4	$ 941.9
Funded backlog		
Satellite services segment	$ 125.2	$ 169.6
Commercial networks segment	265.9	286.7
Government systems segment	546.8	422.8
Total	$ 937.9	$ 879.1

The firm backlog does not include contract options. Of the $1.0 billion in firm backlog, $530.2 million is expected to be delivered in fiscal year 2018, and the balance is expected to be delivered in fiscal year 2019 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 internet subscribers in our satellite services segment, nor does it include anticipated purchase orders and requests for the installation of in-flight broadband systems or future recurring internet services revenues under commercial in-flight internet agreements recorded in our commercial networks and satellite services segments, respectively. As of March 31, 2017, we expect to install in-flight broadband systems on approximately 800 additional aircraft under our existing customer agreements with commercial airlines, although there can be no assurance that all anticipated purchase orders and requests will be placed.

Our total new awards were approximately $1.7 billion, $1.5 billion and $1.4 billion for fiscal years 2017, 2016 and 2015, 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 funding has 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, including the sale of 7,475,000 shares of ViaSat common stock in an underwritten public offering in November 2016. At March 31, 2017, we had $130.1 million in cash and cash equivalents, $289.3 million in working capital, no outstanding borrowings under our Revolving Credit Facility and $274.6 million in principal amount of outstanding borrowings under our Ex-Im Credit Facility, and we had accrued $29.5 million in completion exposure fees expected to be financed under the Ex-Im Credit Facility. At March 31, 2016, we had $42.1 million in cash and cash equivalents, $241.6 million in working capital, $180.0 million in outstanding borrowings under our Revolving Credit Facility and $197.2 million in principal amount of outstanding borrowings under our Ex-Im Credit Facility, and we had accrued $21.0 million in completion

exposure fees expected to be financed under the 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 arrangement) 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.

On November 23, 2016, we completed the sale of an aggregate of 7,475,000 shares of our common stock in an underwritten public offering. Our net proceeds from the offering were approximately $503.1 million after deducting underwriting discounts and offering expenses. In November 2016, we used $225.0 million of the net proceeds from the offering to repay outstanding borrowings under the Revolving Credit Facility. We expect to use the remaining net proceeds for general corporate purposes, which may include financing costs related to the purchase, launch and operation of satellites, potential acquisitions, joint ventures and strategic alliances, working capital or capital expenditures.

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 (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 12 months.

Cash flows

Cash provided by operating activities for fiscal year 2017 was $411.3 million compared to cash provided by operating activities of $296.9 million for fiscal year 2016. This $114.4 million increase was primarily driven by a $94.9 million year-over-year decrease in cash used to fund net operating assets needs, coupled with our operating results (net income adjusted for depreciation, amortization and other non-cash charges) which generated $19.4 million of higher cash inflows year-over-year. The decrease in cash used to fund net operating assets during fiscal year 2017 when compared to fiscal year 2016 was primarily due to an increase 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 and government systems segments, lower combined billed and unbilled accounts receivable, net, attributable to the timing of contractual milestones for certain larger development programs in our commercial networks and government systems segments, as well as a decrease in cash used for inventory in our government systems segment.

Cash used in investing activities for fiscal year 2017 was $715.0 million compared to cash used in investing activities in fiscal year 2016 of $456.3 million. The increase in cash used in investing activities year-over year reflects increases of $139.1 million in cash used for investment in unconsolidated affiliates, $101.3 million in cash used for satellite construction, $18.6 million in cash used for the construction of earth stations and network operation systems related to ViaSat-2, $16.9 million in capital expenditures for property and other general purpose equipment and $12.1 million in cash used for acquisitions, offset by $27.6 million in proceeds from the sale of real property adjacent to our current headquarters location.

Cash provided by financing activities for fiscal year 2017 was $392.8 million compared to cash provided by financing activities of $149.1 million for fiscal year 2016. This $243.7 million increase in cash provided by financing activities year-over-year was primarily related to $503.1 million in net proceeds from a public offering of common stock in November 2016 (after deducting

underwriting discounts and offering expenses). This increase was partially offset by a year-over-year increase of $150.0 million in net payments on borrowings under our Revolving Credit Facility, as well as a $98.4 million year-over-year decrease in net proceeds from borrowings under our Ex-Im Credit Facility. 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 2016 to fiscal year 2015, the $52.6 million decrease in cash provided by operating activities 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 in fiscal year 2015. The decrease in cash used in investing activities reflected a year-over-year decrease of $54.6 million in cash used for satellite construction 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 for 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. The $27.7 million increase in cash provided by financing activities year-over-year was primarily related to the $161.9 million increase in net proceeds from borrowings under our Ex-Im Credit Facility during fiscal year 2016 compared to the prior year period. 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.

Satellite-related activities

In May 2013, we entered into an agreement to purchase the ViaSat-2 satellite from The Boeing Company (Boeing) at a price of approximately $358.0 million, plus an additional amount for launch support services to be performed by Boeing. In April 2017, the satellite construction agreement was amended to replace the remaining milestone payments for the satellite under the agreement with approximately $21.0 million of in-orbit satellite performance incentive payments, excluding interest, payable monthly over a nine-year period commencing one month after the completion of in-orbit testing, subject to the continued satisfactory performance of the satellite. The projected total cost of the ViaSat-2 project, including the satellite, launch, insurance and related earth station infrastructure, through satellite service launch, together with the estimated liability for the in-orbit satellite performance incentive payments, is estimated to be approximately $580.0 million. The ViaSat-2 satellite is currently located at the Arianespace launch facility in French Guiana in preparation for launch into orbit. Due to recent civil unrest in French Guiana the launch of our ViaSat-2 satellite has been further delayed and is currently expected to occur in June 2017 following completion of the launch preparation process.

In July 2016, we entered into two separate agreements with Boeing for the construction and purchase of two ViaSat-3 class satellites and the integration of ViaSat's payload technologies into the satellites at a price of approximately $368.3 million in the aggregate (subject to purchase price adjustments based on factors such as launch delay and early delivery), plus an additional amount for launch support services to be performed by Boeing. In addition, under one of these agreements, we have the option to order up to two additional ViaSat-3 class satellites. These agreements supersede the prior limited authorization to proceed, which was entered into during the fourth quarter of fiscal year 2016. The first ViaSat-3 class satellite is expected to provide broadband services over the Americas, and the second is expected to provide broadband services over the EMEA region. The projected aggregate total project cost for the two ViaSat-3 class satellites, including the satellites, launches, insurance and related earth station infrastructure, through satellite launch is estimated to be between $1.2 billion and $1.4 billion, and will depend on the timing of the earth station infrastructure roll-out of each satellite and method we use to procure fiber access. 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 satellite and related ground infrastructure will impact our financial results in our satellite services segment in fiscal year 2018 and beyond. In particular, we expect to increase our investment in subscriber acquisition costs after ViaSat-2 is placed into service as we expand our subscriber base for our Exede broadband services. However, there can be no assurance that we will be successful in our expansion plans. We expect the relative impact of the launch and roll-out of the satellite and related ground infrastructure to our financial results 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, which negatively impacted income from operations during that period, included costs associated with depreciation, earth station connectivity, subscriber acquisition costs, logistics, customer care and various support systems.

Our IR&D investments in our ViaSat-3 class satellites currently under construction are also expected to continue to negatively impact our financial results in our commercial networks segment in fiscal year 2018, with our investments in related ground infrastructure development continuing in subsequent fiscal years.

Revolving Credit Facility

As of March 31, 2017, the Revolving Credit Facility provided an $800.0 million revolving line of credit (including up to $150.0 million of letters of credit) with a maturity date of May 24, 2021 (or March 16, 2020, if more than $200.0 million of our 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. 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, 2017, 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, 2017, we had no outstanding borrowings under the Revolving Credit Facility and $38.6 million outstanding under standby letters of credit, leaving borrowing availability under the Revolving Credit Facility as of March 31, 2017 of $761.4 million.

Ex-Im Credit Facility

As of March 31, 2017, 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). On May 17, 2017, subsequent to fiscal year end, we reduced the size of the Ex-Im Credit Facility by $24.3 million from $386.7 million to $362.4 million in light of the April 2017 amendment to the Boeing satellite construction agreement described above under "— Satellite-related activities" (which replaced the remaining milestone payments for the satellite under the agreement with approximately $21.0 million of in-orbit satellite performance incentive payments, excluding interest, payable monthly over a nine-year period commencing one month after the completion of in-orbit testing, subject to the continued satisfactory performance of the satellite) and certain project cost reductions.

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 4.4% and 4.5% as of March 31, 2017. 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, 2017, we had $274.6 million in principal amount of outstanding borrowings under the Ex-Im Credit Facility and had accrued $29.5 million in completion exposure fees expected to be financed under the Ex-Im Credit Facility. As of March 31, 2017, the undrawn commitment under the Ex-Im Credit Facility was $82.5 million (excluding $29.5 million of accrued completion exposure fees), of which $74.4 million was available to finance ViaSat-2 related costs once incurred (prior to giving effect to the $24.3 million reduction in the size of the Ex-Im Credit Facility subsequent to fiscal year end described above). Borrowings under the Ex-Im Credit Facility were issued with a discount of $36.6 million (comprising the initial $6.0 million exposure fee, the completion exposure fees accrued as of March 31, 2017 and other customary fees). The borrowings under the Ex-Im Credit Facility are recorded as long-term debt, net of unamortized discount and debt issuance costs, 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 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, 2017, 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.

The 2020 Notes may be redeemed, in whole or in part, at any time during the 12 months beginning on June 15, 2016 at a redemption price of 103.438%, during the 12 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, 2017:

(In thousands, including interest where applicable)	Total	For the Fiscal Years Ending 2018	2019-2020	2021-2022	Thereafter
Operating leases and satellite capacity agreements	$ 440,605	$ 69,645	$ 115,104	$ 85,080	$ 170,776
2020 Notes	713,359	39,531	79,063	594,765	—
Revolving Credit Facility	—	—	—	—	—
Ex-Im Credit Facility (1)	341,511	6,599	89,152	85,548	160,212
Satellite performance incentives (2)	30,765	2,294	5,105	5,861	17,505
Purchase commitments including satellite-related agreements (2)	1,023,394	504,446	424,155	65,202	29,591
Total	$ 2,549,634	$ 622,515	$ 712,579	$ 836,456	$ 378,084

(1) 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, 2017, we had accrued $29.5 million in completion exposure fees expected to be financed under the Ex-Im Credit Facility.

(2) The amounts listed reflect our contractual obligations under the Boeing satellite construction agreement for the ViaSat-2 satellite as of March 31, 2017 and do not include in-orbit satellite performance incentives payments payable with respect to the ViaSat-2 satellite pursuant to the amendment of the Boeing satellite construction agreement entered into in April 2017, subsequent to fiscal year end. Under the April 2017 amendment, the remaining milestone payments for the satellite were replaced with approximately $21.0 million of in-orbit satellite performance incentives payments, excluding interest, payable monthly over a nine-year period commencing one month after the completion of in-orbit testing, subject to the continued satisfactory performance of the satellite. See "Liquidity and Capital Resources — Satellite-related activities."

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.

Our consolidated balance sheets included $42.7 million and $37.4 million of "other liabilities" as of March 31, 2017 and March 31, 2016, 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 14 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, 2017 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, 2017, we had no outstanding borrowings under our Revolving Credit Facility, $274.6 million in principal amount of outstanding borrowings under our Ex-Im Credit Facility as well as $29.5 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 an insignificant amount for the fiscal years ended March 31, 2017 and March 31, 2016. 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.

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. Under the Revolving Credit Facility, the effective interest rate as of March 31, 2017 that would have been applied to any new Eurodollar-based borrowings under the Revolving Credit Facility was approximately 3.55%. As of March 31, 2017, we had no outstanding borrowings under our Revolving Credit Facility. Accordingly, assuming the outstanding balance remained constant over a year, changes in interests rates applicable to our Revolving Credit Facility would have no effect on our interest incurred and cash flow.

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. The closing of our strategic partnering arrangement with Eutelsat during the fourth quarter of fiscal year 2017 and related investment in Euro Infrastructure Co., which is denominated in Euros, increases our exposure to foreign currency risk. 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, 2017, 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 $2.6 million had an insignificant amount of fair value recorded in accrued liabilities as of March 31, 2017. 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, 2017 would have changed by an insignificant amount.

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 2017 and 2016 are as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	(In thousands, except per share data)			
2017				
Total revenues	$ 363,130	$ 399,158	$ 380,630	$ 416,419
Income from operations	7,778	18,414	7,591	2,676
Net income	2,157	10,739	4,622	4,249
Net income attributable to ViaSat, Inc.	1,855	11,019	4,243	6,650
Basic net income per share attributable to ViaSat, Inc.	0.04	0.22	0.08	0.12
Diluted net income per share attributable to ViaSat, Inc.	0.04	0.22	0.08	0.11
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

Summarized quarterly data reflects product revenue recognized with respect to amounts realized under the Settlement Agreement of approximately $6.7 million for each quarter of fiscal year 2017. 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. As of March 31, 2017, all payments pursuant to the Settlement Agreement have been recorded and no further impacts to our consolidated financial statements are anticipated related to the Settlement Agreement. Refer to Note 13 to the consolidated financial statements for discussion of the Settlement Agreement. In addition, summarized quarterly data for the fourth quarter of fiscal year 2017 reflects (under income from operations and net income) $11.4 million of uncharacterized damages and $0.4 million of penalties, and (under net income attributable to ViaSat, Inc.) approximately $4.0 million, net of tax, related to the impact of the loss contingency, in each case accrued in SG&A expenses in our government systems segment in connection with the False Claims Act civil investigation related to our 52% majority-owned subsidiary TrellisWare. The TrellisWare False Claims Act civil investigation also resulted in a $0.07 per share impact to basic and diluted net income per share attributable to ViaSat Inc. in the fourth quarter of fiscal year 2017. Refer to Note 13 to the consolidated financial statements for further discussion of the TrellisWare False Claims Act civil investigation.

Basic and diluted net income 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 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, 2017, 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, 2017.

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, 2017.

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, 2017, as stated in their report which appears on page 37.

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, 2017, 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 sheets and the related consolidated statements of operations and comprehensive income, cash flows and equity present fairly, in all material respects, the financial position of ViaSat, Inc. and its subsidiaries at March 31, 2017 and 2016, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2017 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the accompanying financial statement schedule appearing on page 72 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, 2017, 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.

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 24, 2017

VIASAT, INC.
CONSOLIDATED BALANCE SHEETS

	As of March 31, 2017	As of March 31, 2016
	(In thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 130,098	$ 42,088
Accounts receivable, net	263,721	286,724
Inventories	163,201	145,161
Prepaid expenses and other current assets	57,836	47,583
Total current assets	614,856	521,556
Satellites, net	1,108,270	898,197
Property and equipment, net	540,608	486,910
Other acquired intangible assets, net	41,677	33,604
Goodwill	119,876	117,040
Other assets	529,366	340,005
Total assets	$ 2,954,653	$ 2,397,312
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 100,270	$ 95,645
Accrued liabilities	225,247	184,344
Total current liabilities	325,517	279,989
Senior notes, net	575,380	575,304
Other long-term debt, net	273,103	370,224
Other liabilities	42,722	37,371
Total liabilities	1,216,722	1,262,888
Commitments and contingencies (Notes 12 and 13)		
Equity:		
ViaSat, Inc. stockholders' equity		
Preferred stock, $.0001 par value; 5,000,000 shares authorized; no shares issued and outstanding at March 31, 2017 and 2016, respectively	—	—
Common stock, $.0001 par value, 100,000,000 shares authorized; 57,600,609 and 48,926,417 shares outstanding at March 31, 2017 and 2016, respectively	6	5
Paid-in capital	1,439,645	855,387
Retained earnings	297,471	273,704
Accumulated other comprehensive (loss) income	(2,504)	7
Total ViaSat, Inc. stockholders' equity	1,734,618	1,129,103
Noncontrolling interest in subsidiaries	3,313	5,321
Total equity	1,737,931	1,134,424
Total liabilities and equity	$ 2,954,653	$ 2,397,312

See accompanying notes to the consolidated financial statements.

VIASAT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Fiscal Years Ended		
	March 31, 2017	March 31, 2016	April 3, 2015
	(In thousands, except per share data)		
Revenues:			
Product revenues	$ 713,936	$ 664,821	$ 728,074
Service revenues	845,401	752,610	654,461
Total revenues	1,559,337	1,417,431	1,382,535
Operating expenses:			
Cost of product revenues	524,026	489,246	519,483
Cost of service revenues	524,949	495,099	444,431
Selling, general and administrative	333,468	298,345	270,841
Independent research and development	129,647	77,184	46,670
Amortization of acquired intangible assets	10,788	16,438	17,966
Income from operations	36,459	41,119	83,144
Other income (expense):			
Interest income	1,008	2,226	2,022
Interest expense	(12,083)	(25,748)	(31,448)
Income before income taxes	25,384	17,597	53,718
Provision for (benefit from) income taxes	3,617	(4,173)	13,827
Net income	21,767	21,770	39,891
Less: net (loss) income attributable to noncontrolling interests, net of tax	(2,000)	29	(472)
Net income attributable to ViaSat, Inc.	$ 23,767	$ 21,741	$ 40,363
Net income per share attributable to ViaSat, Inc. common stockholders:			
Basic net income per share attributable to ViaSat, Inc. common stockholders	$ 0.45	$ 0.45	$ 0.86
Diluted net income per share attributable to ViaSat, Inc. common stockholders	$ 0.45	$ 0.44	$ 0.84
Shares used in computing basic net income per share	52,318	48,464	47,139
Shares used in computing diluted net income per share	53,396	49,445	48,285
Comprehensive income:			
Net income	$ 21,767	$ 21,770	$ 39,891
Other comprehensive (loss) income, net of tax:			
Unrealized (loss) gain on hedging, net of tax	(182)	122	(25)
Foreign currency translation adjustments, net of tax	(2,329)	(262)	(2,141)
Other comprehensive (loss) income, net of tax	(2,511)	(140)	(2,166)
Comprehensive income	19,256	21,630	37,725
Less: comprehensive (loss) income attributable to noncontrolling interests, net of tax	(2,000)	29	(472)
Comprehensive income attributable to ViaSat, Inc.	$ 21,256	$ 21,601	$ 38,197

See accompanying notes to the consolidated financial statements.

VIASAT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Years Ended		
	March 31, 2017	March 31, 2016	April 3, 2015
		(In thousands)	
Cash flows from operating activities:			
Net income	$ 21,767	$ 21,770	$ 39,891
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	200,686	193,086	179,542
Amortization of intangible assets	45,236	48,990	41,891
Deferred income taxes	(218)	(5,003)	12,420
Stock-based compensation expense	55,775	47,510	39,353
Loss on disposition of fixed assets	35,431	33,960	31,997
Other non-cash adjustments	10,018	8,957	4,778
Increase (decrease) in cash resulting from changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable	16,071	(26,342)	3,745
Inventories	(12,386)	(26,749)	(1,217)
Other assets	(15,259)	(3,335)	(16,328)
Accounts payable	972	5,250	862
Accrued liabilities	48,039	(337)	20,017
Other liabilities	5,166	(820)	(7,435)
Net cash provided by operating activities	411,298	296,937	349,516
Cash flows from investing activities:			
Purchase of property, equipment and satellites	(514,692)	(377,894)	(366,492)
Investment in unconsolidated affiliate	(140,378)	(1,258)	—
Cash paid for patents, licenses and other assets	(70,966)	(72,731)	(52,686)
Payments related to acquisition of businesses, net of cash acquired	(16,528)	(4,402)	(57,376)
Proceeds from sale of real property	27,559	—	—
Net cash used in investing activities	(715,005)	(456,285)	(476,554)
Cash flows from financing activities:			
Proceeds from revolving credit facility borrowings	90,000	175,000	350,000
Payments of revolving credit facility borrowings	(270,000)	(205,000)	(245,000)
Proceeds from Ex-Im credit facility borrowings, net of discount	77,469	175,834	13,914
Payment of debt issuance costs	(6,677)	(840)	(2,757)
Proceeds from issuance of common stock under equity plans	22,403	22,309	23,202
Purchase of common stock in treasury (immediately retired) related to tax withholdings for stock-based compensation	(21,670)	(16,397)	(14,788)
Proceeds from common stock issued in public offering, net of issuance costs	503,061	—	—
Other financing activities	(1,802)	(1,784)	(3,107)
Net cash provided by financing activities	392,784	149,122	121,464
Effect of exchange rate changes on cash	(1,067)	51	(510)
Net increase (decrease) in cash and cash equivalents	88,010	(10,175)	(6,084)
Cash and cash equivalents at beginning of fiscal year	42,088	52,263	58,347
Cash and cash equivalents at end of fiscal year	$ 130,098	$ 42,088	$ 52,263
Supplemental information:			
Cash paid for interest (net of amounts capitalized)	$ 10,094	$ 21,787	$ 29,645
Cash paid for income taxes, net	$ 1,468	$ 1,380	$ 494
Non-cash investing and financing activities:			
Issuance of stock in satisfaction of certain accrued employee compensation liabilities	$ 13,080	$ 11,609	$ 10,194
Capital expenditures not paid for	$ 29,813	$ 60,796	$ 6,584
Exposure fees on Ex-Im credit facility expected to be financed through Ex-Im credit facility	$ 8,505	$ 20,992	$ —
Issuance of common stock in connection with acquisition	$ 4,988	$ —	$ —

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 Subsidiaries	Total
	(In thousands, except share data)								
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
Exercise of stock options	273,050	—	12,117	—	—	—	—	—	12,117
Issuance of stock under Employee Stock Purchase Plan	188,938	—	10,286	—	—	—	—	—	10,286
Common stock issued in public offering, net of issuance costs	7,475,000	1	503,060	—	—	—	—	—	503,061
Stock-based compensation	—	—	62,397	—	—	—	—	—	62,397
Shares issued in settlement of certain accrued employee compensation liabilities	176,731	—	13,080	—	—	—	—	—	13,080
RSU awards vesting, net of shares withheld for taxes which have been retired	498,585	—	(21,670)	—	—	—	—	—	(21,670)
Shares issued in connection with acquisition of business	61,888	—	4,988	—	—	—	—	—	4,988
Other noncontrolling interest activity	—	—	—	—	—	—	—	(8)	(8)
Net income	—	—	—	23,767	—	—	—	(2,000)	21,767
Other comprehensive loss, net of tax	—	—	—	—	—	—	(2,511)	—	(2,511)
Balance at March 31, 2017	57,600,609	$ 6	$ 1,439,645	$ 297,471	—	$ —	$ (2,504)	$ 3,313	$ 1,737,931

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 its majority-owned subsidiaries, TrellisWare Technologies, Inc. (TrellisWare) and Euro Broadband Retail Sàrl (Euro Retail Co.). All significant intercompany amounts have been eliminated. Investments in entities in which the Company can exercise significant influence, but does not own a majority equity interest or otherwise control, are accounted for using the equity method and are included as investment in unconsolidated affiliate in other assets (long-term) on the consolidated balance sheets.

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 2015 was a 52 week year, whereas 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 this difference 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.

Recent transactions

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. 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 was primarily allocated to acquired technology intangible assets and the assumption of certain liabilities. These acquisitions were accounted for as purchases and, accordingly, the consolidated financial statements include the operating results of NetNearU and Engreen from the dates of acquisition.

On November 14, 2016, the Company completed the acquisition of Aerodocs Limited (Arconics), a privately held company focused on wireless in-flight entertainment management software services. The Arconics purchase price of approximately $21.6 million was comprised of approximately $16.6 million in cash consideration paid to former Arconics equity holders and $5.0 million related to the fair value of 61,888 shares of the Company's common stock issued at the closing. The approximately $16.6 million in cash consideration paid to former Arconics equity holders less cash acquired of $0.6 million resulted in a net cash outlay by the Company of approximately $16.0 million. The Arconics purchase price was primarily allocated to acquired technology and customer relationships intangible assets, and goodwill. Through this acquisition the Company gained broader expertise, aviation-grade software and mobile applications to make flying safer and more efficient for pilots, cabin crews and flight operations teams, as well as applications that are expected to create new opportunities for passenger entertainment and airline services and revenue. This acquisition was accounted for as a purchase and, accordingly, the consolidated financial statements include the operating results of Arconics in our satellite services segment from the date of acquisition.

On November 23, 2016, the Company completed the sale of an aggregate of 7,475,000 shares of ViaSat common stock in an underwritten public offering. The Company's net proceeds from the offering were approximately $503.1 million after deducting underwriting discounts and offering expenses. In November 2016, the Company used $225.0 million of the net proceeds from the offering to repay outstanding borrowings under the Company's revolving credit facility (the Revolving Credit Facility). The Company expects to use the remaining net proceeds for general corporate purposes, which may include financing costs related to the purchase, launch and operation of satellites, potential acquisitions, joint ventures and strategic alliances, working capital or capital expenditures.

On March 3, 2017, the Company consummated its strategic partnering arrangement with Eutelsat S.A (together with its affiliates, Eutelsat) for the ownership and operation of satellite broadband infrastructure and equipment, and provision of satellite-based broadband internet services in the European region (see Note 9). At the closing of the transaction, Eutelsat contributed and transferred assets relating to its existing wholesale satellite broadband business (including its KA-SAT satellite) to a subsidiary of Eutelsat, Euro Broadband Infrastructure Sàrl (Euro Infrastructure Co.), in exchange for the issuance of new shares in such subsidiary, and immediately following such contribution and issuance, the Company purchased 49% of the issued shares of Euro Infrastructure Co. from Eutelsat for cash consideration of $139.5 million. The Company's total net cash outlay for this investment in Euro

Infrastructure Co., including approximately $2.4 million of transaction costs, was approximately $141.9 million. Also at the closing, Eutelsat purchased 49% of the issued shares of Euro Retail Co. for an immaterial amount. Under the strategic partnering arrangement, Euro Infrastructure Co. owns and operates the KA-SAT satellite and related assets and offers wholesale satellite capacity services in the European region, and Euro Retail Co. purchases wholesale satellite capacity services and offers retail satellite-based broadband internet services in the European region.

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 28.8%, 23.7% and 22.8% of total revenues for fiscal years 2017, 2016 and 2015, respectively. Billed accounts receivable to the U.S. government as of March 31, 2017 and 2016 were approximately 30.1% and 22.8%, 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 2017, 2016 and 2015. The Company's five largest contracts generated approximately 19.6%, 19.4% and 21.1% of the Company's total revenues for the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015, respectively.

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

Inventory

Inventory is valued at the lower of cost and net realizable value, 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. Costs related to internally developed software for internal uses are capitalized after the preliminary project stage is complete and are amortized over the estimated useful lives of the assets. 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). The Company computes depreciation using the straight-line method over the estimated useful lives of the assets ranging from two to 24 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.

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 and related gateway and networking equipment (which commenced construction during the first quarter of fiscal year 2014), and the ViaSat-3 class satellites (which commenced construction during the fourth quarter of fiscal year 2016), the Company capitalized $49.7 million, $30.1 million, and $16.2 million of interest expense during the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015, 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). The Company's second-generation ViaSat-2 satellite is expected to be launched in June 2017, after the slight further delay in scheduled launch date due to recent civil unrest in French Guiana (the location of the satellite launch). The Company currently has two third-generation ViaSat-3 class satellites under construction. 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, 2017 were $271.9 million and $158.2 million, respectively. 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.

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.

On October 6, 2015, the Company purchased approximately 23 acres of land adjacent to the Company's current headquarters location for $39.5 million. On March 1, 2017, the Company sold approximately 16 acres of the land for approximately $27.6 million and leased back certain office space in a sale-leaseback transaction. The lease has been classified as an operating lease and contains a ten year initial term plus renewal options with the future commitments included in Note 12.

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, 2017 and 2016. The Company

capitalized costs of $15.4 million related to acquiring and obtaining orbital slots and other licenses included in other assets as of March 31, 2017 and 2016. Accumulated amortization related to these assets was $2.1 million and $1.7 million as of March 31, 2017 and 2016, respectively. Amortization expense related to these assets was an insignificant amount for the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015. 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 2017, 2016 and 2015, 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 years 2017, 2016 and 2015, the Company capitalized $6.1 million, an insignificant amount and $3.5 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. Debt issuance costs related to the Revolving Credit Facility are recorded in prepaid expenses and other current assets and in other long-term assets in the consolidated balance sheets in accordance with Accounting Standards Update (ASU) 2015-15, Interest — Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements, which the Company adopted during the first quarter of fiscal year 2017. Debt issuance costs related to the Company's 6.875% Senior Notes due 2020 (2020 Notes) and the Company's 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) are recorded as a direct deduction from the carrying amount of the related debt, consistent with debt discounts, in accordance with ASU 2015-03, Interest — Imputation of Interest (ASC 835-30): Simplifying the Presentation of Debt Issuance Costs, which the Company adopted during the first quarter of fiscal year 2017.

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 $203.7 million and $163.1 million related to software developed for resale were included in other assets as of March 31, 2017 and 2016, respectively. The Company capitalized $73.1 million and $75.4 million of costs related to software developed for resale for the fiscal years ended March 31, 2017 and 2016, respectively. Amortization expense for software development costs was $32.5 million, $32.2 million and $23.5 million during fiscal years 2017, 2016 and 2015, 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 2017, 2016 and 2015.

The Company accounts for its goodwill under the authoritative guidance for goodwill and other intangible assets (ASC 350) and the provisions of 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.

In accordance with ASC 350, the Company assesses qualitative factors to determine whether goodwill is impaired. Furthermore, in addition to qualitative analysis, the Company believes it is appropriate to conduct a quantitative analysis periodically as a prudent review of its reporting unit goodwill fair values. The Company's quantitative analysis estimates the fair values of the reporting units

using discounted cash flows and other indicators of fair value. The forecast of future cash flow is based on the Company's best estimate of each reporting units' future revenue and operating costs, based primarily on existing firm orders, expected future orders, contracts with suppliers, labor resources, general market conditions, and other relevant factors. Based on a quantitative analysis for fiscal year 2017, the Company concluded that estimated fair values of the Company's reporting units significantly exceed their respective carrying value.

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 and quantitative assessment performed during the fourth quarter of fiscal year 2017, 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, 2017, 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 2017, 2016 and 2015.

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 12 months are classified as accrued liabilities and amounts expected to be incurred beyond 12 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 14).

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 $4.2 million and $3.8 million in accrued liabilities in the consolidated balance sheets as of March 31, 2017 and 2016, 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, 2017 and 2016, no such amounts were accrued related to the aforementioned provisions.

Noncontrolling interests and unrestricted subsidiaries

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.

The Company has designated its majority-owned subsidiaries TrellisWare and Euro Retail Co. as "Unrestricted Subsidiaries" under the indenture governing the 2020 Notes. The financial position and results of operations of the Company's Unrestricted Subsidiaries are included in its consolidated financial statements. Under the indenture governing the 2020 Notes, due to the significance of the net loss of the Company's 52% majority-owned subsidiary TrellisWare for fiscal year 2017, which reflected the Company's accrual for uncharacterized damages and penalties of $11.8 million recorded in the fourth quarter of fiscal year 2017 in connection with the False Claims Act civil investigation related to TrellisWare, the Company is required to present information sufficient to ascertain its financial condition and results of operations excluding the Company's Unrestricted Subsidiaries. The impact of the loss contingency on net income attributable to ViaSat, Inc. stockholders for fiscal year 2017, net of tax, was $4.0 million, with the related amount of $3.7 million recorded to net (loss) income attributable to noncontrolling interests, net of tax, while the impact on basic and diluted net income per share attributable to ViaSat, Inc. common stockholders for fiscal year 2017 was $0.08 per share and $0.07 per share, respectively. The net loss of the Company's Unrestricted Subsidiaries for the fiscal year ended March 31, 2017 was $4.2 million, which related primarily to TrellisWare. For the fiscal year ended March 31, 2017, total revenues and expenses of the Company's Unrestricted Subsidiaries were immaterial to the Company's consolidated results. For the fiscal years ended March 31, 2016 and 2015, total revenues, expenses and net income (loss) of the Company's Unrestricted Subsidiaries were immaterial to the Company's consolidated results. As of March 31, 2017 and 2016, total assets and liabilities of the Company's Unrestricted Subsidiaries were immaterial to the Company's consolidated results.

Investments in unconsolidated affiliate — equity method

Investments in entities in which the Company can exercise significant influence, but does not own a majority equity interest or otherwise control, are accounted for using the equity method and are included as investment in unconsolidated affiliate in other assets (long-term) on the consolidated balance sheets. The Company records its share of the results of such entities within equity earnings (losses) of unconsolidated affiliate, net on the consolidated statements of operations and comprehensive income (loss). The Company monitors such investments for other-than-temporary impairment by considering factors including the current economic and market conditions and the operating performance of the entities and records reductions in carrying values when necessary. The fair value of privately held investments is estimated using the best available information as of the valuation date, including current earnings trends, undiscounted cash flows, quoted stock prices of comparable public companies, and other company specific information, including recent financing rounds.

Common stock held in treasury

As of March 31, 2017 and 2016, the Company had no shares of common stock held in treasury.

During fiscal years 2017, 2016 and 2015, the Company issued 792,616, 703,043 and 647,006 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 294,031, 263,137 and 236,446 shares of common stock at cost with a total value of $21.7 million, $16.4 million and $14.8 million during fiscal years 2017, 2016 and 2015, respectively. The shares of common stock repurchased during fiscal years 2017 and 2016 and the fourth quarter of fiscal year 2015 were immediately retired. These retired shares remain as authorized stock; however they are considered to be unissued. The retirement of treasury stock had no impact on the Company's total consolidated stockholders' equity.

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 (with such shares deemed to be repurchased and then immediately retired), 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 2017, 2016 and 2015, 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 accrued liability as of March 31, 2017 and as an other current asset as of March 31, 2016. The notional value of foreign currency forward contracts outstanding as of March 31, 2017 and 2016 was $2.6 million and $5.0 million, respectively.

At March 31, 2017 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 12 months was insignificant. The Company's foreign currency forward contracts outstanding as of March 31, 2017 will mature within approximately 24 to 36 months from their inception. There were no gains or losses from ineffectiveness of these derivative instruments recorded for fiscal years 2017, 2016 and 2015.

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 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 2017, 2016 and 2015, the Company recorded losses of approximately $6.0 million, $5.1 million and $0.6 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's, 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 12 months. Amounts for obligations extending beyond 12 months are recorded within other liabilities in the consolidated financial statements.

Contract costs on U.S. government contracts are subject to audit and review by the Defense Contracting Management Agency (DCMA), the Defense Contract Audit Agency (DCAA), and other U.S. government agencies, as well as negotiations with U.S. government representatives. The Company's incurred cost audits by the DCAA have not been concluded for fiscal year 2016. As of March 31, 2017, 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, 2017 and 2016, the Company had $1.8 million and $2.5 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 13).

Advertising costs

In accordance with the authoritative guidance for advertising costs (ASC 720-35), advertising costs are expensed as incurred and included in SG&A expenses. Advertising expenses for fiscal years 2017, 2016 and 2015 were $4.8 million, $12.2 million and $17.0 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 for fiscal years 2017, 2016 and 2015 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, 2017 and 2016, deferred rent included in other long-term liabilities in the Company's consolidated balance sheets was $10.7 million and $8.8 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.

The Company's analysis of the need for a valuation allowance on deferred tax assets considered historical as well as forecasted future operating results. In addition, the Company's evaluation considered other factors, including the Company's contractual backlog, the Company's history of positive earnings, current earnings trends assuming the Company's satellite services segment continues to grow, taxable income adjusted for certain items, and forecasted income by jurisdiction. The Company also considered the period over which these net deferred tax assets can be realized and the Company's history of not having federal tax loss carryforwards expire unused.

Earnings per share

Basic earnings per share is computed based upon the weighted average number of common shares outstanding during the period. Diluted earnings per share is based upon the weighted average number of common shares outstanding and potential common stock, if dilutive during the period. Potential common stock includes options granted and restricted stock units awarded under the Company's equity compensation plan which are included in the earnings per share calculations using the treasury stock method, common shares expected to be issued under the Company's employee stock purchase plan, and shares potentially issuable under the ViaSat 401(k) Profit Sharing Plan in connection with the Company's decision to pay a discretionary match in common stock or cash.

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. The Company's commercial networks segment develops and offers advanced satellite and wireless broadband platforms, ground networking equipment, radio frequency and advanced microwave solutions, ASIC chip design, satellite payload development 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 15).

Recent authoritative guidance

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 Contracts 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 versus 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 non-cash consideration and completed contracts at transition. In December 2016, the FASB issued ASU 2016-20, Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers, which provides for correction or improvement to the guidance previously issued in ASU 2014-09. These standards permit the use of either the retrospective or cumulative effect transition method. The Company currently plans to adopt the standard in fiscal year 2019 using the "modified retrospective method." Under that method, the Company will apply the rules to all contracts existing as of April 1, 2018, recognizing in beginning retained earnings an adjustment for the cumulative effect of the change and providing additional disclosures comparing results to previous accounting standards.

Upon initial evaluation, the Company believes the key changes in the standard that impact its revenue recognition relate to the deferral of commissions in the Company's satellite service segment, which are currently expensed as incurred under the current standard. The requirement to defer incremental contract acquisition costs and recognize them with the transfer of the related good or service will result in the recognition of a deferred charge on the Company's consolidated balance sheet and corresponding impact to the Company's consolidated statement of operations and comprehensive income.

In August 2014, the FASB issued ASU 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. ASU 2014-15 provides guidance regarding management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. The new standard requires management to perform interim and annual evaluations and sets forth principles for considering the mitigating effect of management's plans. The standard mandates certain disclosures when conditions give rise to substantial doubt about a company's ability to continue as a going concern within one year from the financial statement issuance date. This guidance is effective for the Company in fiscal year 2017, with early application permitted. The Company early adopted the guidance, which did not have a material impact on the Company's 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 became effective for the Company beginning in the first quarter of fiscal year 2017 and did not have a material impact on the Company's consolidated financial statements and disclosures.

In April 2015, the FASB issued ASU 2015-03, which 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, which 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 became effective for the Company beginning in the first quarter of fiscal year 2017 and was applied on a retrospective basis, wherein the consolidated balance sheet of each individual period presented was adjusted to reflect the period-specific effects of applying the new guidance. As a result, the Company reclassed unamortized debt issuance costs related to the Company's 2020 Notes and the Ex-Im Credit Facility from prepaid expenses and other current assets and from other assets (long-term) to senior notes, net, and other long-term debt, net, respectively, within its consolidated balance sheet as of March 31, 2016. In accordance with ASU 2015-15, the Company has elected to continue to present debt issuance costs related to the Revolving Credit Facility as an asset and subsequently amortize the deferred debt issuance costs over the term of the Revolving Credit Facility arrangement.

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. This guidance became effective for the Company beginning in the first quarter of fiscal year 2017. The Company elected to adopt this guidance on a prospective basis and the adoption of this guidance did not have a material impact on the Company's 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 elected to adopt this guidance on a prospective basis in the fourth quarter of fiscal year 2017 and the adoption of this guidance did not have a material impact on the Company's 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. This guidance became effective for the Company beginning in the first quarter of fiscal year 2017. The Company adopted this guidance on a prospective basis and the guidance did not 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, 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. During the fourth quarter of fiscal year 2016, 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 will become effective for the Company beginning in fiscal year 2018, with early adoption permitted. The Company will adopt this guidance in the first quarter of fiscal year 2018. On a prospective basis the Company will recognize excess tax benefits or deficiencies on vesting or settlement of awards as an income tax benefit or provision within net income (loss) and the related cash flows classified within operating activities. With respect to the forfeiture accounting policy election, the Company expects to elect to account for forfeitures as they occur, adopted on a modified retrospective basis as a cumulative effect adjustment to retained earnings. The Company does not expect the election to account for forfeitures as they occur to have a material impact on the Company's consolidated financial statements and disclosures. See Note 8 for additional information regarding the impact of the adoption of this guidance.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments — Credit Losses (Topic 326). ASU 2016-13 requires credit losses on most financial assets measured at amortized cost and certain other instruments to be measured using an expected credit loss model (referred to as the current expected credit loss (CECL) model). It also modifies the impairment model for available-for-sale debt securities and provides for a simplified accounting model for purchased financial assets with credit deterioration since their origination. The new guidance will become effective for the Company beginning in fiscal year 2021, with early adoption permitted. The new guidance is required to be applied on a modified-retrospective basis. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230). ASU 2016-15 makes eight targeted changes to how companies present and classify certain cash receipts and cash payments in the statement of cash flows. The new standard will become effective for the Company beginning in fiscal year 2019, with early adoption permitted. The new standard will require adoption on a retrospective basis unless it is impracticable to apply, in which case the Company would be required to apply the amendments prospectively as of the earliest date practicable. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In October 2016, the FASB issued ASU 2016-16, Income Taxes (Topic 740). ASU 2016-16 requires that an entity should recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs as opposed to when the asset has been sold to an outside party. The new standard will become effective for the Company beginning in fiscal year 2019, with early adoption permitted. The new standard will require adoption on a modified retrospective basis through cumulative-effect adjustment directly to retained earnings as of the beginning of the period. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In October 2016, the FASB issued ASU 2016-17, Consolidation: Interests Held through Related Parties That Are Under Common Control (Topic 810). The amendments change how a reporting entity that is the single decision maker of a variable interest entity should treat indirect interests in the entity held through related parties that are under common control with the reporting entity when determining whether it is the primary beneficiary of that variable interest entity. The new standard will 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.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows: Restricted Cash (Topic 230). The amendments address diversity in practice that exists in the classification and presentation of changes in restricted cash and require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The new standard will become effective for the Company beginning in fiscal year 2019, with early adoption permitted. During the third quarter of fiscal year 2017, the Company early adopted this standard on a retrospective basis. The guidance did not have a material impact on the Company's consolidated financial statements and disclosures.

In January 2017, the FASB issued ASU 2017-01, Business Combinations: Clarifying the Definition of a Business (Topic 805). ASU 2017-01 clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. The new standard will become effective for the Company beginning in fiscal year 2019, with early adoption permitted with limitations. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In January 2017, the FASB issued ASU 2017-04, Intangibles — Goodwill and Other: Simplifying the Test for Goodwill Impairment (Topic 350). ASU 2017-04 removes Step 2 from the goodwill impairment test. The standard will become effective for the Company beginning in fiscal year 2021, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In February 2017, the FASB issued ASU 2017-05, Other Income — Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets. ASU 2017-05 clarifies the scope and accounting of a financial asset that meets the definition of an "in-substance nonfinancial asset" and defines the term "in-substance nonfinancial asset." ASU 2017-05 also adds guidance for partial sales of nonfinancial assets. The standard will become effective for the Company in fiscal year 2019, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In March 2017, the FASB issued ASU 2017-08, Receivables — Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities. ASU 2017-08 amends the amortization period for certain callable debt securities held at a premium. The amendments require the premium to be amortized to the earliest call date. The standard will become effective for the Company beginning in fiscal year 2020, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In May 2017, the FASB issued ASU 2017-09, Compensation — Stock Compensation (Topic 718): Scope of Modification Accounting. ASU 2017-09 provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. The standard will become effective for the Company beginning in fiscal year 2019, 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, 2017	As of March 31, 2016
	(In thousands)	
Accounts receivable, net:		
Billed	$ 145,626	$ 146,309
Unbilled	119,565	141,568
Allowance for doubtful accounts	(1,470)	(1,153)
	$ 263,721	$ 286,724
Inventories:		
Raw materials	$ 56,096	$ 46,757
Work in process	25,820	27,200
Finished goods	81,285	71,204
	$ 163,201	$ 145,161
Prepaid expenses and other current assets:		
Prepaid expenses	$ 51,856	$ 41,784
Other	5,980	5,799
	$ 57,836	$ 47,583
Satellites, net:		
Satellites (estimated useful life of 10-17 years)	$ 559,380	$ 559,094
Capital lease of satellite capacity — Anik F2 (estimated useful life of 10 years)	99,090	99,090
Satellites under construction	776,354	515,696
	1,434,824	1,173,880
Less: accumulated depreciation and amortization	(326,554)	(275,683)
	$ 1,108,270	$ 898,197
Property and equipment, net:		
Equipment and software (estimated useful life of 2-7 years)	$ 679,008	$ 568,663
CPE leased equipment (estimated useful life of 4-5 years)	271,917	260,409
Furniture and fixtures (estimated useful life of 7 years)	30,539	25,501
Leasehold improvements (estimated useful life of 2-17 years)	80,727	71,895
Building (estimated useful life of 24 years)	8,923	8,923
Land	14,573	41,960
Construction in progress	116,902	73,535
	1,202,589	1,050,886
Less: accumulated depreciation	(661,981)	(563,976)
	$ 540,608	$ 486,910
Other assets:		
Investment in unconsolidated affiliate	$ 141,894	$ —
Deferred income taxes	134,764	134,721
Capitalized software costs, net	203,686	163,061
Patents, orbital slots and other licenses, net	16,500	16,900
Other	32,522	25,323
	$ 529,366	$ 340,005
Accrued liabilities:		
Collections in excess of revenues and deferred revenues	$ 76,682	$ 64,624
Accrued employee compensation	41,691	35,056
Accrued vacation	33,214	28,646
Warranty reserve, current portion	7,796	7,867
Current portion of other long-term debt	288	274
Other	65,576	47,877
	$ 225,247	$ 184,344
Other liabilities:		
Deferred revenue, long-term portion	$ 4,617	$ 5,470
Deferred rent, long-term portion	10,743	8,808
Warranty reserve, long-term portion	3,262	3,567
Satellite performance incentives obligation, long-term portion	19,164	19,514
Deferred income taxes, long-term	1,936	12
Other	3,000	—
	$ 42,722	$ 37,371

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 instrument's valuation.

The following tables present the Company's hierarchy for its assets and liabilities measured at fair value on a recurring basis as of March 31, 2017 and assets measured at fair value on a recurring basis as of March 31, 2016. The Company had no liabilities measured at fair value on a recurring basis as of March 31, 2016:

	Fair Value as of March 31, 2017	Level 1	Level 2	Level 3
		(In thousands)		
Assets:				
Cash equivalents	$ 2,003	$ 2,003	$ —	$ —
Total assets measured at fair value on a recurring basis	$ 2,003	$ 2,003	$ —	$ —
Liabilities:				
Foreign currency forward contracts	$ 96	$ —	$ 96	$ —
Total liabilities measured at fair value on a recurring basis	$ 96	$ —	$ 96	$ —

	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	$ —

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 and Ex-Im Credit Facility, as well as $575.0 million in aggregate principal amount of 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, 2017 and 2016, 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 $587.9 million and $597.3 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, 2017 and 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 $297.2 million and $219.9 million, respectively.

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 15-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, 2017 and 2016, the Company's estimated satellite performance incentives obligation and accrued interest was $21.8 million and $22.0 million, respectively.

Note 4 — Goodwill and Acquired Intangible Assets

During fiscal year 2017, the Company's goodwill increased by $2.8 million, which reflected $3.8 million of goodwill acquired in connection with the acquisition of Arconics during the third quarter of fiscal year 2017, which was recorded in the Company's satellite services segment. The increase was partially offset by the effects of foreign currency translation recorded within all three of the Company's segments. During fiscal year 2016, the Company's goodwill decreased by an insignificant amount related to the effects of foreign currency translation recorded mainly within the Company's government systems and commercial networks segments.

During fiscal year 2017, $19.3 million of the increase in other acquired intangibles related to the acquisition of Arconics recorded during the third quarter of fiscal year 2017 in the Company's satellite services segment. All other amounts recorded related to the acquisition of Arconics were not significant. 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. 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 $10.8 million, $16.4 million and $18.0 million for the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015, 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 2018	$ 11,733
Expected for fiscal year 2019	9,076
Expected for fiscal year 2020	7,312
Expected for fiscal year 2021	4,993
Expected for fiscal year 2022	3,171
Thereafter	5,392
	$ 41,677

The allocation of the other acquired intangible assets and the related accumulated amortization as of March 31, 2017 and 2016 is as follows:

		As of March 31, 2017			As of March 31, 2016		
	Weighted Average Useful Life	Total	Accumulated Amortization	Net book Value	Total	Accumulated Amortization	Net book Value
	(In years)	(In thousands)					
Technology	6	$ 87,592	$ (62,749)	$ 24,843	$ 74,848	$ (59,921)	$ 14,927
Contracts and customer relationships	7	103,034	(89,083)	13,951	99,499	(83,928)	15,571
Satellite co-location rights	9	8,600	(6,743)	1,857	8,600	(5,818)	2,782
Trade name	3	5,940	(5,940)	—	5,940	(5,918)	22
Other	6	9,925	(8,899)	1,026	8,717	(8,415)	302
Total other acquired intangible assets		$ 215,091	$ (173,414)	$ 41,677	$ 197,604	$ (164,000)	$ 33,604

Note 5 — Senior Notes and Other Long-Term Debt

Total long-term debt consisted of the following as of March 31, 2017 and 2016:

	As of March 31, 2017	As of March 31, 2016
	(In thousands)	
Senior Notes		
2020 Notes	$ 575,000	$ 575,000
Unamortized premium and debt issuance costs on the 2020 Notes, net (2)	380	304
Total senior notes, net	575,380	575,304
Less: current portion of the senior notes	—	—
Total senior notes long-term, net	575,380	575,304
Other Long-Term Debt		
Revolving Credit Facility	—	180,000
Ex-Im Credit Facility (1)	304,134	218,157
Unamortized discount and debt issuance costs on the Ex-Im Credit Facility (1) (2)	(31,031)	(28,221)
Other	288	562
Total other long-term debt, net	273,391	370,498
Less: current portion of other long-term debt, net	288	274
Other long-term debt, net	273,103	370,224
Total debt, net	848,771	945,802
Less: current portion	288	274
Long-term debt, net	$ 848,483	$ 945,528

(1) As of March 31, 2017, included in Ex-Im Credit Facility and in unamortized discount and debt issuance costs on the Ex-Im Credit Facility was $29.5 million and $23.0 million, respectively, relating to the exposure fees accrued as of such date expected to be financed under the Ex-Im Credit Facility. As of March 31, 2016, included in Ex-Im Credit Facility and in unamortized discount and debt issuance costs 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.

(2) During the first quarter of fiscal year 2017, the Company adopted ASU 2015-03. The retrospective basis adoption of this guidance resulted in reclassification of unamortized debt issuance costs as a direct deduction from the carrying amount of the Company's 2020 Notes and the Ex-Im Credit Facility, respectively, consistent with unamortized discount, as of March 31, 2016.

The estimated aggregate amounts and timing of payments on the Company's long-term debt obligations as of March 31, 2017 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):

For the Fiscal Years Ending	(In thousands)
2018	$ 288
2019	38,017
2020	38,017
2021	613,017
2022	38,017
Thereafter	152,066
	879,422
Plus: unamortized premium (discount)	(30,651)
Total	$ 848,771

Revolving Credit Facility

As of March 31, 2017, the Revolving Credit Facility provided an $800.0 million revolving line of credit (including up to $150.0 million of letters of credit), with a maturity date of May 24, 2021 (or March 16, 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. 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, 2017, 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, 2017. At March 31, 2017, the Company had no outstanding borrowings under the Revolving Credit Facility and $38.6 million outstanding under standby letters of credit, leaving borrowing availability under the Revolving Credit Facility as of March 31, 2017 of $761.4 million.

Ex-Im Credit Facility

As of March 31, 2017, 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). On May 17, 2017, subsequent to fiscal year end, the Company reduced the size of the Ex-Im Credit Facility by $24.3 million from $386.7 million to $362.4 million in light of the April 2017 amendment to the Boeing satellite construction agreement described in Note 12 below (which replaced the remaining milestone payments for the satellite under the agreement with approximately $21.0 million of in-orbit satellite performance incentive payments, excluding interest, payable monthly over a nine-year period commencing one month after the completion of in-orbit testing, subject to the continued satisfactory performance of the satellite) and certain project cost reductions.

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 4.4% and 4.5% as of March 31, 2017. 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, 2017. At March 31, 2017, the Company had $274.6 million in principal amount of outstanding borrowings under the Ex-Im Credit Facility and had accrued $29.5 million in completion exposure fees expected to be financed under the Ex-Im Credit Facility. As of March 31, 2017, the undrawn commitment under the Ex-Im Credit Facility was $82.5 million (excluding $29.5 million of accrued completion exposure fees), of which $74.4 million was available to finance ViaSat-2 related costs once incurred (prior to giving effect to the $24.3 million reduction in the size of the Ex-Im Credit Facility subsequent to fiscal year end described above). Borrowings under the Ex-Im Credit Facility were issued with a discount of $36.6 million (comprising the initial $6.0 million exposure fee, the completion exposure fees accrued as of March 31, 2017 and other customary fees). Borrowings under the Ex-Im Credit Facility are recorded as long-term debt, net of unamortized discount and debt issuance costs, 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 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 recorded as long-term debt, net of unamortized premium and debt issuance costs, in the Company's consolidated financial statements.

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, 2017, 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 2020 Notes may be redeemed, in whole or in part, at any time during the 12 months beginning on June 15, 2016 at a redemption price of 103.438%, during the 12 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, 2017	March 31, 2016	April 3, 2015
		(In thousands)	
Stock-based compensation expense before taxes	$ 55,775	$ 47,510	$ 39,353
Related income tax benefits	(21,057)	(18,089)	(14,889)
Stock-based compensation expense, net of taxes	$ 34,718	$ 29,421	$ 24,464

For fiscal years 2017, 2016 and 2015 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 $52.6 million, $45.2 million and $37.2 million, and for the Employee Stock Purchase Plan was $3.1 million, $2.3 million and $2.1 million, for the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015, respectively. The Company capitalized $6.6 million, $5.6 million and $2.5 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 2017, 2016 and 2015, respectively.

As of March 31, 2017, 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 $158.9 million and $0.9 million, respectively. These costs are expected to be recognized over a weighted average period of 2.7 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 year contractual term. The weighted average estimated fair value of employee stock options granted and employee stock purchase plan shares issued during fiscal year 2017 was $23.62 and $16.27 per share, respectively, during fiscal year 2016 was $20.35 and $13.37 per share, respectively, and during fiscal year 2015 was $22.22 and $14.18 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 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Volatility	33.4%	32.9%	34.0%	31.1%	24.6%	30.6%
Risk-free interest rate	1.7%	1.7%	1.7%	0.5%	0.3%	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 2017 is presented below:

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term in Years	Aggregate Intrinsic Value (In thousands)
Outstanding at March 31, 2016	1,833,437	$ 54.07		
Options granted	463,000	70.09		
Options canceled	(19,125)	64.66		
Options exercised	(273,050)	44.37		
Outstanding at March 31, 2017	2,004,262	$ 58.99	3.53	$ 13,283
Vested and exercisable at March 31, 2017	1,011,200	$ 52.19	2.31	$ 12,147

The total intrinsic value of stock options exercised during fiscal years 2017, 2016 and 2015 was $8.3 million, $14.5 million and $28.9 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 2017, 2016 and 2015, the Company recognized $44.9 million, $38.4 million and $31.4 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 2017, 2016 and 2015 was $69.99, $61.81 and $65.20, respectively. A summary of restricted stock unit activity for fiscal year 2017 is presented below:

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value per Share
Outstanding at March 31, 2016	2,369,339	$ 59.39
Awarded	1,195,961	69.99
Forfeited	(93,330)	66.01
Released	(792,616)	57.44
Outstanding at March 31, 2017	2,679,354	$ 64.47
Vested and deferred at March 31, 2017	148,503	$ 38.19

The total fair value of shares vested related to restricted stock units during the fiscal years 2017, 2016 and 2015 was $58.4 million, $43.8 million and $30.6 million, respectively.

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

	Fiscal Years Ended		
	March 31, 2017	March 31, 2016	April 3, 2015
		(In thousands)	
Weighted average:			
Common shares outstanding used in calculating basic net income per share attributable to ViaSat, Inc. common stockholders	52,318	48,464	47,139
Options to purchase common stock as determined by application of the treasury stock method	246	281	475
Restricted stock units to acquire common stock as determined by application of the treasury stock method	658	533	515
Potentially issuable shares in connection with certain terms of the ViaSat 401(k) Profit Sharing Plan and Employee Stock Purchase Plan	174	167	156
Shares used in computing diluted net income per share attributable to ViaSat, Inc. common stockholders	53,396	49,445	48,285

Antidilutive shares relating to stock options excluded from the calculation comprised 582,315, 810,231 and 451,038 shares for the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015, respectively. Antidilutive shares relating to restricted stock units excluded from the calculation comprised 24, 4,138 and 285,481 for the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015, respectively.

Note 8 — Income Taxes

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

	Fiscal Years Ended		
	March 31, 2017	March 31, 2016	April 3, 2015
		(In thousands)	
United States	$ 29,649	$ 20,280	$ 58,185
Foreign	(4,265)	(2,683)	(4,467)
	$ 25,384	$ 17,597	$ 53,718

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

	Fiscal Years Ended		
	March 31, 2017	March 31, 2016	April 3, 2015
		(In thousands)	
Current tax (benefit) provision			
Federal	$ 2,041	$ 132	$ (216)
State	1,167	543	1,507
Foreign	600	148	115
	3,808	823	1,406
Deferred tax (benefit) provision			
Federal	4,410	2,266	14,546
State	(4,509)	(7,090)	(1,477)
Foreign	(92)	(172)	(648)
	(191)	(4,996)	12,421
Total provision for (benefit from) income taxes	$ 3,617	$ (4,173)	$ 13,827

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

	As of	
	March 31, 2017	March 31, 2016
	(In thousands)	
Deferred tax assets:		
Net operating loss carryforwards	$ 202,752	$ 222,332
Tax credit carryforwards	145,369	129,333
Other	74,962	64,459
Valuation allowance	(17,728)	(17,089)
Total deferred tax assets	405,355	399,035
Deferred tax liabilities:		
Intangible assets	(98,099)	(82,295)
Property, equipment and satellites	(174,428)	(182,030)
Total deferred tax liabilities	(272,527)	(264,325)
Net deferred tax assets	$ 132,828	$ 134,710

A reconciliation of the provision for (benefit from) 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, 2017	March 31, 2016	April 3, 2015
		(In thousands)	
Tax provision at federal statutory rate	$ 8,885	$ 6,167	$ 18,808
State tax provision, net of federal benefit	1,681	1,197	4,014
Tax credits, net of valuation allowance	(15,121)	(16,016)	(14,055)
Non-deductible compensation	2,659	2,457	1,966
Non-deductible transaction costs	645	30	154
Non-deductible meals and entertainment	794	751	759
Stock-based compensation	886	551	478
Change in state effective tax rate	417	(354)	508
Foreign effective tax rate differential, net of valuation allowance	2,391	859	898
Other	380	185	297
Total provision for (benefit from) income taxes	$ 3,617	$ (4,173)	$ 13,827

As of March 31, 2017, the Company had federal and state research credit carryforwards of $109.6 million and $113.8 million, respectively, which begin to expire in fiscal year 2026 and fiscal year 2018, respectively. As of March 31, 2017, the Company had alternative minimum tax (AMT) and foreign tax credit (FTC) carryforwards of $0.4 million and $1.3 million, respectively. The AMT credit does not expire and the FTC begins to expire in fiscal year 2021. As of March 31, 2017, the Company had federal and state net operating loss carryforwards of $673.6 million and $556.0 million, respectively, which begin to expire in fiscal year 2020 and fiscal year 2018, 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 2017, the Company did not realize any excess tax benefits. As of March 31, 2017, the Company had $58.7 million of unrealized excess tax benefits associated with share-based compensation. In accordance with ASU 2016-09, these excess tax benefits not previously recognized are recorded and simultaneously reviewed for realization, on a modified retrospective basis through a cumulative effect adjustment to retained earnings as of the beginning of the first quarter of fiscal year 2018. On a prospective basis, the Company will recognize excess tax benefits or deficiencies on vesting or settlement of awards as an income tax benefit or provision within net income (loss) and the related cash flows classified within operating activities.

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 $17.7 million at March 31, 2017 and $17.1 million at March 31, 2016 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, 2017	March 31, 2016	April 3, 2015
		(In thousands)	
Balance, beginning of fiscal year	$ 45,080	$ 41,769	$ 37,395
(Decrease) increase related to prior year tax positions	(421)	(586)	524
Increases related to current year tax positions	4,407	3,897	3,897
Statute expirations	—	—	(47)
Balance, end of fiscal year	$ 49,066	$ 45,080	$ 41,769

Of the total unrecognized tax benefits at March 31, 2017, $40.2 million would reduce the Company's annual effective tax rate if recognized, subject to valuation allowance consideration.

In the next 12 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 2014 through 2016. 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 2013 to 2016 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, 2017 and 2016.

Note 9 — Strategic Partnering Arrangement

On March 3, 2017, the Company consummated its strategic partnering arrangement with Eutelsat for the ownership and operation of satellite broadband infrastructure and equipment, and provision of satellite-based broadband internet services in the European region. At the closing of the transaction, Eutelsat contributed and transferred assets relating to its existing wholesale satellite broadband business (including its KA-SAT satellite) to Euro Infrastructure Co. in exchange for the issuance of new shares in such subsidiary, and immediately following such contribution and issuance, the Company purchased 49% of the issued shares of Euro Infrastructure Co. from Eutelsat for cash consideration of $139.5 million. The Company's total net cash outlay for our investment in Euro Infrastructure Co., including approximately $2.4 million of transaction costs, was approximately $141.9 million. Also at the closing, Eutelsat purchased 49% of the issued shares of a subsidiary of the Company, Euro Retail Co. for an immaterial amount. Under the strategic partnering arrangement, Euro Infrastructure Co. owns and operates the KA-SAT satellite and related assets and offers wholesale satellite capacity services in the European region, and Euro Retail Co. purchases wholesale satellite capacity services and offers retail satellite-based broadband internet services in the European region. Also at the closing, the Company and Eutelsat entered into shareholders' agreements and other ancillary agreements with respect to the ownership, management and operation of the two entities (see Note 10 for more information).

Note 10 — Equity Method Investments and Related Party Transactions

Eutelsat strategic partnering arrangement

In March 2017, the Company acquired a 49% interest in Euro Infrastructure Co. The Company's investment in Euro Infrastructure Co. is accounted for under the equity method and the total investment, including basis difference allocated to tangible assets, identifiable intangible assets, deferred income taxes and goodwill, is classified as a single line item, as an investment in unconsolidated affiliate, on the Company's consolidated balance sheets. The Company will record its proportionate share of the results of Euro Infrastructure Co., and any related basis difference amortization expense, within equity in earnings (losses) of unconsolidated

affiliate, net, one quarter in arrears. Therefore, the Company's share of the results of Euro Infrastructure Co. (from and after the date of the Company's investment in Euro Infrastructure Co. on March 3, 2017) will be included in the Company's consolidated financial statements commencing in the first quarter of fiscal year 2018. The Company's investment in Euro Infrastructure Co. is presented at cost of investment plus its accumulated proportional share of income or loss less any distributions it has received.

The difference between the Company's carrying value of its investment in Euro Infrastructure Co. and its proportionate share of the net assets of Euro Infrastructure Co. as of March 3, 2017 is summarized as follows:

	(In thousands)
Carrying value of investment in Euro Infrastructure Co.	$ 141,894
Proportionate share of net assets of Euro Infrastructure Co	127,393
Excess carrying value of investment over proportionate share of net assets	$ 14,501
The excess carrying value has been primarily assigned to:	
Goodwill	$ 20,791
Identifiable intangible assets	12,379
Tangible asset	(20,241)
Deferred income taxes	1,572
	$ 14,501

The identifiable intangible assets have useful lives up to 11 years and a weighted average useful life of approximately ten years, and tangible assets have useful lives up to 11 years and a weighted average useful life of approximately 11 years. The preliminary allocation is subject to revision as more detailed analysis is completed and additional information on the assets and liabilities of Euro Infrastructure Co. as of the closing date becomes available. Any change in the net assets of Euro Infrastructure Co. will change the amount of the purchase price allocable to goodwill. Goodwill is not deductible for tax purposes.

Related party transactions

Transactions with equity method investee are considered related party transactions. Related party transactions entered into between Euro Infrastructure Co. and its subsidiaries, on the one hand, and the Company and its subsidiaries, on the other hand, in the ordinary course of business for the period from and after the date of the Company's investment in Euro Infrastructure Co. in March 2017 and as of March 31, 2017 were insignificant.

Note 11 — 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 2017 fiscal year end, the Company elected to settle the discretionary contributions liability in shares of the Company's common stock, consistent with fiscal year 2016. Based on the closing price of the Company's common stock at the 2017 fiscal year end, the Company would issue approximately 263,340 shares of common stock at this time. Discretionary contributions accrued by the Company as of March 31, 2017 and 2016 amounted to $16.8 million and $13.6 million, respectively.

Note 12 — Commitments

In May 2013, the Company entered into an agreement to purchase the ViaSat-2 satellite from The Boeing Company (Boeing) at a price of approximately $358.0 million, plus an additional amount for launch support services to be performed by Boeing. In April 2017, subsequent to the fiscal year end, the satellite construction agreement was amended to replace the remaining milestone payments for the satellite under the agreement with approximately $21.0 million of in-orbit satellite performance incentives payments, excluding interest, payable monthly over a nine-year period commencing one month after the completion of in-orbit testing, subject to the continued satisfactory performance of the satellite.

In July 2016, the Company entered into two separate agreements with Boeing for the construction and purchase of two ViaSat-3 class satellites and the integration of ViaSat's payload technologies into the satellites at a price of approximately $368.3 million in the aggregate (subject to purchase price adjustments based on factors such as launch delay and early delivery), plus an additional amount for launch support services to be performed by Boeing. In addition, under one of these agreements, the Company has the option to order up to two additional ViaSat-3 class satellites. These agreements supersede the prior limited authorization to proceed which was entered into during the fourth quarter of fiscal year 2016. The first ViaSat-3 class satellite is expected to provide broadband services over the Americas, and the second is expected to provide broadband services over Europe, Middle East and Africa.

In addition to the satellite construction agreements 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, 2017, future minimum payments under the Company's satellite construction contracts and other satellite-related purchase commitments for the next five fiscal years and thereafter were as follows:

Fiscal Years Ending	(In thousands)
2018	$ 175,076
2019	207,395
2020	134,868
2021	37,673
2022	2,623
Thereafter	20,404
	$ 578,039

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 15-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, 2017, the Company's estimated satellite performance incentives obligation and accrued interest was approximately $21.8 million, of which $2.6 million and $19.2 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 $30.8 million in total costs for satellite performance incentives obligation and related interest earned over the 15-year period with potential future minimum payments of $2.3 million, $2.5 million, $2.6 million, $2.8 million and $3.1 million in fiscal years 2018, 2019, 2020, 2021 and 2022, respectively, with $17.5 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 $33.8 million, $19.6 million, $15.8 million and $7.4 million in fiscal years 2018, 2019, 2020 and 2021, respectively, and no further minimum payments thereafter.

The Company leases office and other facilities under non-cancelable operating leases with initial terms ranging from one to 15 years which expire between fiscal year 2018 and fiscal year 2029 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 $34.0 million, $27.7 million and $24.5 million in fiscal years 2017, 2016 and 2015, respectively.

As of March 31, 2017, future minimum lease payments for the next five fiscal years and thereafter were as follows:

Fiscal Years Ending	(In thousands)
2018	$ 35,858
2019	39,807
2020	39,855
2021	39,566
2022	38,118
Thereafter	170,776
	$ 363,980

Note 13 — 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 52% 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 was investigating TrellisWare's eligibility for certain prior government contracts and whether TrellisWare's conduct in connection therewith violated the False Claims Act. An estimated loss contingency is accrued when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The Company regularly evaluates current information available to determine whether such accruals should be adjusted and whether new accruals are required. In February 2017, based on further developments in that investigation and TrellisWare's discussions with the U.S. Attorney's Office, the Company accrued a total loss contingency of $11.8 million in SG&A expenses in our government systems segment, which consisted of $11.4 million in uncharacterized damages and $0.4 million in penalties. The impact of the loss contingency on net income attributable to ViaSat, Inc. stockholders for fiscal year 2017, net of tax, was $4.0 million, with the related amount of $3.7 million recorded to net (loss) income attributable to noncontrolling interests, net of tax, while the impact on basic and diluted net income per share attributable to ViaSat, Inc. common stockholders for fiscal year 2017 was $0.08 per share and $0.07 per share, respectively. As of March 31, 2017, the total loss contingency was recorded in accrued liabilities and other long term liabilities in the consolidated balance sheet in the amounts of $8.8 million and $3.0 million, respectively. At this time, the Company cannot determine with certainty how or whether the TrellisWare investigation will conclude or whether this will be the final amount of damages and penalties.

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, 2017, 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, 2017 and 2016, the Company had $1.8 million and $2.5 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 the 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 2017, the Company recorded $27.5 million with respect to amounts realized under the Settlement Agreement, of which $26.8 million was recognized as product revenues in the Company's satellite services segment and $0.7 million was recognized as interest income in the consolidated financial statements. 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. As of March 31, 2017 all payments pursuant to the Settlement Agreement have been recorded and no further impacts to our consolidated financial statements are anticipated related to the Settlement Agreement.

Note 14 — 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 12 months are classified as accrued liabilities and amounts expected to be incurred beyond 12 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 2017, 2016 and 2015.

	Fiscal Years Ended		
	March 31, 2017	March 31, 2016	April 3, 2015
		(In thousands)	
Balance, beginning of period	$ 11,434	$ 15,545	$ 17,023
Change in liability for warranties issued in period	7,815	4,327	5,725
Settlements made (in cash or in kind) during the period	(8,191)	(8,438)	(7,203)
Balance, end of period	$ 11,058	$ 11,434	$ 15,545

Note 15 — 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 and related services to consumers, enterprises, commercial airlines and mobile broadband customers. The Company's commercial networks segment develops and offers advanced satellite and wireless broadband platforms, ground networking equipment, radio frequency and advanced microwave solutions, ASIC chip design, satellite payload development 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 provides global mobile broadband services to military and government users and develops and offers network-centric, IP-based fixed and mobile secure communications products and solutions. The more regulated government environment is subject to unique contractual requirements and possesses economic characteristics which differ from the satellite services and commercial networks segments. The Company's segments are determined consistent with the way management currently organizes and evaluates financial information internally for making operating decisions and assessing performance.

Segment revenues and operating profits (losses) for the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015 were as follows:

	Fiscal Years Ended		
	March 31, 2017	March 31, 2016	April 3, 2015
	(In thousands)		
Revenues:			
Satellite services			
Product (1)	$ 27,711	$ 25,606	$ 33,576
Service	601,936	533,628	466,284
Total	629,647	559,234	499,860
Commercial networks			
Product	211,458	228,694	331,052
Service	33,149	22,042	16,078
Total	244,607	250,736	347,130
Government systems			
Product	474,767	410,521	363,446
Service	210,316	196,940	172,099
Total	685,083	607,461	535,545
Elimination of intersegment revenues	—	—	—
Total revenues	$ 1,559,337	$ 1,417,431	$ 1,382,535
Operating profits (losses):			
Satellite services (2)	$ 131,085	$ 81,830	$ 62,379
Commercial networks	(180,496)	(111,339)	(33,616)
Government systems (3)	96,658	87,066	72,347
Elimination of intersegment operating profits	—	—	—
Segment operating profit before corporate and amortization of acquired intangible assets	47,247	57,557	101,110
Corporate	—	—	—
Amortization of acquired intangible assets	(10,788)	(16,438)	(17,966)
Income from operations	$ 36,459	$ 41,119	$ 83,144

(1) Product revenues in the satellite services segment included $26.8 million, $25.3 million and $33.0 million for the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015, respectively, relating to amounts realized under the Settlement Agreement. See Note 13.

(2) Operating profits for the satellite services segment included $26.8 million, $25.3 million and $51.8 million for the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015, respectively, relating to amounts realized under the Settlement Agreement. See Note 13.

(3) Operating profits for the government systems segment reflected $11.8 million of SG&A expenses for the fiscal year ended March 31, 2017, relating to uncharacterized damages and penalties in connection with the False Claims Act civil investigation related to the Company's 52% majority-owned subsidiary TrellisWare. The impact of the loss contingency on net income attributable to ViaSat, Inc. stockholders for fiscal year 2017, net of tax, was $4.0 million, with the related amount of $3.7 million recorded to net (loss) income attributable to noncontrolling interests, net of tax, while the impact on basic and diluted net income per share attributable to ViaSat, Inc. common stockholders for fiscal year 2017 was $0.08 per share and $0.07 per share, respectively. See Note 13.

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, 2017, March 31, 2016 and April 3, 2015 were as follows:

	As of March 31, 2017	As of March 31, 2016	As of April 3, 2015
		(In thousands)	
Segment assets:			
Satellite services	$ 81,728	$ 57,529	$ 63,790
Commercial networks	179,992	212,943	217,268
Government systems	326,242	311,927	273,313
Total segment assets	587,962	582,399	554,371
Corporate assets	2,366,691	1,814,913	1,593,034
Total assets	$ 2,954,653	$ 2,397,312	$ 2,147,405

Other acquired intangible assets, net and goodwill included in segment assets as of March 31, 2017 and 2016 were as follows:

	Other Acquired Intangible Assets, Net		Goodwill	
	As of March 31, 2017	As of March 31, 2016	As of March 31, 2017	As of March 31, 2016
		(In thousands)		
Satellite services	$ 21,843	$ 8,751	$ 13,579	$ 9,809
Commercial networks	4,903	6,581	43,930	43,990
Government systems	14,931	18,272	62,367	63,241
Total	$ 41,677	$ 33,604	$ 119,876	$ 117,040

Amortization of acquired intangible assets by segment for the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015 was as follows:

	Fiscal Years Ended		
	March 31, 2017	March 31, 2016	April 3, 2015
		(In thousands)	
Satellite services	$ 5,866	$ 9,122	$ 11,058
Commercial networks	1,679	2,569	1,452
Government systems	3,243	4,747	5,456
Total amortization of acquired intangible assets	$ 10,788	$ 16,438	$ 17,966

Revenue information by geographic area for the fiscal years ended March 31, 2017, March 31, 2016 and April 3, 2015 was as follows:

	Fiscal Years Ended		
	March 31, 2017	March 31, 2016	April 3, 2015
		(In thousands)	
United States	$ 1,352,002	$ 1,207,651	$ 1,149,700
Europe, Middle East and Africa	85,828	80,202	89,982
Asia, Pacific	88,888	79,213	81,397
North America other than United States	24,649	38,957	51,661
Central and Latin America	7,970	11,408	9,795
Total revenues	$ 1,559,337	$ 1,417,431	$ 1,382,535

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 $32.4 million at March 31, 2017, $23.7 million at March 31, 2016 and $14.3 million at April 3, 2015.

VALUATION AND QUALIFYING ACCOUNTS

For the Three Fiscal Years Ended March 31, 2017

Date	Allowance for Doubtful Accounts
	(In thousands)
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
Charged (credited) to costs and expenses	7,139
Deductions	(6,822)
Balance, March 31, 2017	$ 1,470

Date	Deferred Tax Asset Valuation Allowance
	(In thousands)
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
Charged (credited) to costs and expenses	639
Deductions	—
Balance, March 31, 2017	$ 17,728

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 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
Fiscal Year 2017		
First Quarter	$ 79.15	$ 65.80
Second Quarter	76.77	68.84
Third Quarter	82.19	65.89
Fourth Quarter	69.72	62.25

As of May 12, 2017, there were approximately 612 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 tables below.

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

Fiscal Years Ended	**March 31, 2017**	**March 31, 2016**	**April 3, 2015**	**April 4, 2014**
(In thousands)				
Net income (loss) attributable to ViaSat Inc.	$ 23,767	$ 21,741	$ 40,363	$ (9,446)
Provision for (benefit from) income taxes	3,617	(4,173)	13,827	(25,947)
Interest expense, net	11,075	23,522	29,426	37,903
Depreciation and amortization	245,922	242,076	221,433	185,064
Stock-based compensation expense	55,775	47,510	39,353	33,639
Acquisition related expenses	615	-	444	-
Adjusted EBITDA	$ 340,771	$ 330,676	$ 344,846	$ 221,213

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, 2017	**Satellite Services**	**Commercial Networks**	**Government Systems**	**Total**
(In thousands)				
Segment operating profit (loss) before corporate and amortization of acquired intangible assets	$ 131,085	$ (180,496)	$ 96,658	$ 47,247
Depreciation *	141,108	24,483	35,095	200,686
Stock-based compensation expense	11,917	22,225	21,633	55,775
Other amortization	13,136	14,631	6,681	34,448
Acquisition related expenses	190	179	246	615
Noncontrolling interests	-	-	2,000	2,000
Adjusted EBITDA	$ 297,436	$ (118,978)	$ 162,313	$ 340,771

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
Acquisition related expenses	-	-	-		-
Noncontrolling interests	-	-	(29)	**	(29)
Adjusted EBITDA	$ 243,668	$ (56,549)	$ 143,557	**	$ 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.

** Government systems segment Adjusted EBITDA has been adjusted to exclude noncontrolling interest, net of tax.

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, including the launch, in-orbit testing, transfer of control to us and entry into service of our ViaSat-2 satellite; 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 completion, capacity, service, coverage, service speeds and other features of our satellites, and the timing, cost, economics and other benefits associated therewith; expansion of the strategic partnering arrangement with Eutelsat; anticipated subscriber growth; plans, objectives and strategies for future operations; and other characterizations of future events or circumstances, are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions that are difficult to predict. Factors that could cause actual results to differ 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 realize the anticipated benefits of our strategic partnering arrangement with Eutelsat or any of our acquisitions; 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

Richard Baldridge
President and Chief Operating Officer

Frank J. Biondi, Jr.
Senior Managing Director
WaterView Advisors LLC

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
Director, President and Chief Operating Officer

Doug Abts
Vice President, Strategy Development,
Broadband Services

Robert Blair
Vice President, General Counsel
and Secretary

Girish Chandran
Vice President and Chief Technical Officer

Melinda Del Toro
Senior Vice President, People and Culture

Bruce Dirks
Senior Vice President, Treasury
and Corporate Development

Shawn Duffy
Senior Vice President and
Chief Financial Officer

Kevin Harkenrider
President, Commercial Networks

Keven Lippert
President, Broadband Services
and Chief Legal Officer

Mark Miller
Executive Vice President and
Chief Technical Officer

Ken Peterman
President, Government Systems

ANNUAL MEETING

The 2017 Annual Meeting will be held
at ViaSat's headquarters, located at
6155 El Camino Real, Founders Hall,
Carlsbad, California 92009 on
September 7 at 8:30 a.m. Pacific Time.

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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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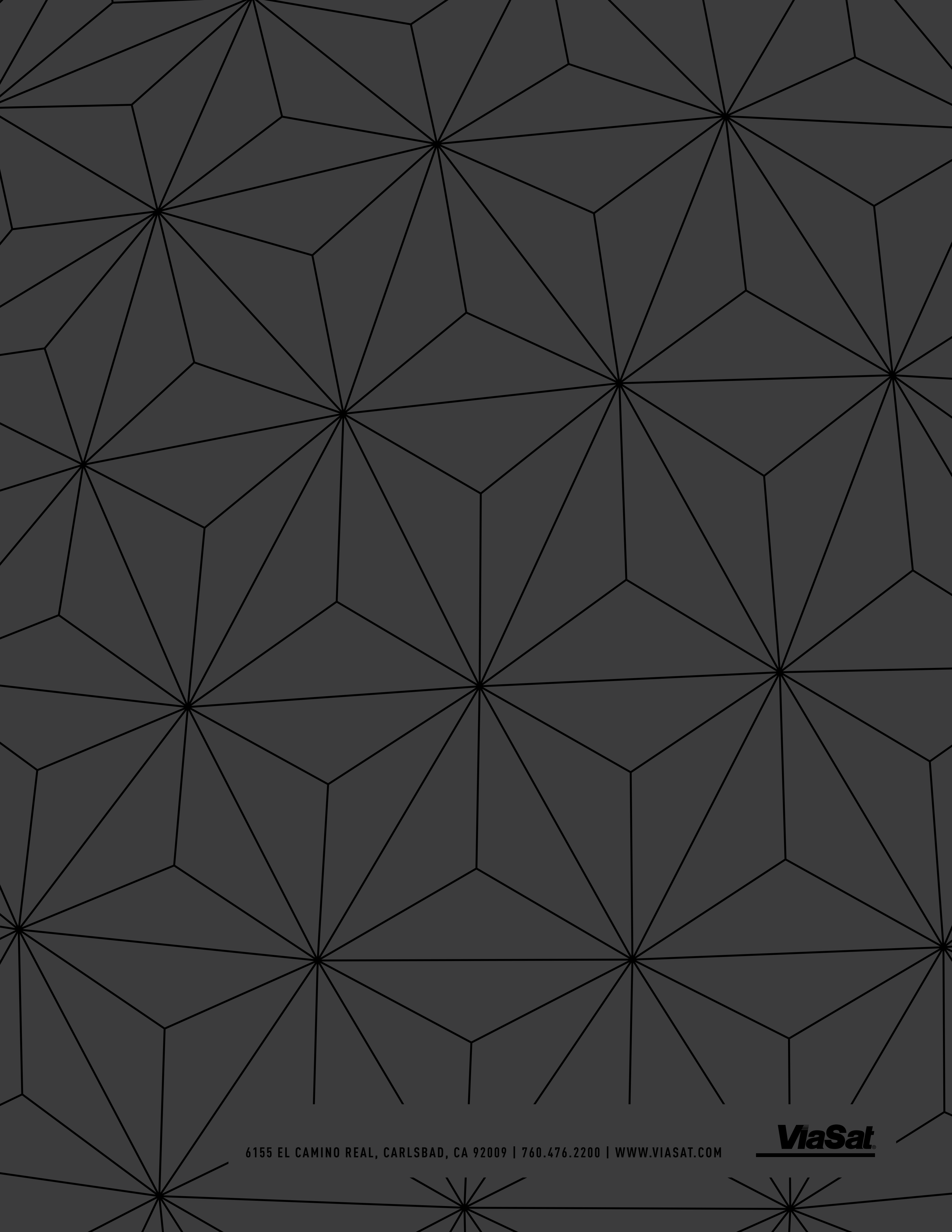
marks of ViaSat, Inc.: Exede, WildBlue,
Yonder, ViaSat, and the ViaSat logo.
All other product and company names
mentioned herein are the property of
their respective owners.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