

C. Executive Summary:

This application seeks broadband infrastructure stimulus funding to construct a revolutionary last-mile broadband network that can be implemented by July 2012. This network will bring affordable and reliable broadband Internet access to 20 States (14 in entirety and 6 partially) that will not likely be served within that timeframe because they are the least attractive areas to serve from a commercial perspective.

The proposed funded service area is approximately 98% rural. Total eligible project costs are approximately \$519 M. To the extent BIP funding is provided, this application seeks grants and loans totaling approximately \$483 M, with a grant to loan ratio of just under 75%. To the extent that BTOP funding instead is provided, this application seeks a \$415 M grant. In either case, matching funds will be provided to finance the remaining project costs.

Large portions of the US are rural and have correspondingly low population densities. These sparsely populated areas have been left behind in the construction of broadband infrastructure, and every indication is this trend will continue due to the high per-square-mile-cost and long build-time required for the deployment of terrestrial infrastructure. The proposed network is focused on providing service to those less densely populated areas, many of which are also economically disadvantaged.

This last-mile system will provide ubiquitous and instantaneous coverage of its proposed funded service area through the launch of a single spacecraft, ViaSat-1a, the operation of 15 gateways located at major fiber nodes, and transmit/receive terminals installed at customer premises. It does so at the cost of just \$114 per unserved/underserved home passed and \$350 per projected home served. Within a tiered service structure, one service, a baseline (1 Mbit/s) Internet access service will be provided at a wholesale monthly service price of either \$8.75 or \$13.75/month depending if BTOP or BIP funds are awarded, respectively. This Broadband Lifeline service was developed specifically for the vulnerable populations within our proposed funded service area.

The design of the ViaSat-1a satellite has been completed with a leading US commercial satellite manufacturer. Through a 15-fold capacity increase, this design addresses the flaws that have prevented existing satellite broadband systems from providing an affordable and good quality broadband experience.



In addition to having a manufacturing contract in place, ViaSat-1a has been fully licensed with the FCC. No other broadband technology can offer the type of instantaneous and ubiquitous coverage that this satellite offers, and no other satellite broadband system can serve the 20 States that are the focus of this application in a similar timeframe.

This project will be implemented through a joint venture between affiliates of ViaSat, Inc. and EchoStar, Inc. ViaSat is an established provider of mission critical telecommunication products to the US Government and of commercial broadband products and services, and satellite earth

station networks. EchoStar is an established operator of satellite systems, was the developer and original owner and operator of the Dish Network, a leading retail provider of satellite-delivered video services, and currently offers satellite broadband services using WildBlue. Together, ViaSat and Echostar have the experience and resources to successfully implement this project.

Other satellite broadband systems are not focused on the funded service area proposed in this application. Rather, they are targeting the more commercially lucrative parts of America with higher population densities, where higher subscription revenues allow for faster recovery of capital costs and a higher return on investment. In fact, most of the approximately 1 million existing satellite broadband subscribers are located in States contiguous to and East of the Mississippi, and along the West Coast ("Served Areas"). The specific coverage area addressed by ViaSat-1a is shown in Upload 43-Supplemental Information-Coverage Map included with this application. With the exception of ViaSat-1a, all other planned satellite broadband systems are focused on the Served Areas, where a compelling business case exists without the need for stimulus funding. Specifically, ViaSat is launching a separate high capacity satellite (ViaSat-1) to serve the Served Areas, and Hughes Network Services has announced plans for a similar high capacity satellite. We believe that BIP/BTOP funding is not needed for additional satellites with footprints in the "Served Areas".

[REDACTED]

[REDACTED] ViaSat-1a's capacity is focused on the most rural States and was designed to complement the Served Areas that will be well-covered by other systems. See Upload 43-Supplemental Information-Coverage Map. [REDACTED]

[REDACTED] The requested funding, coupled with Echostar's and ViaSat's investment, will enable the construction and launch of ViaSat-1a by July 2012.

The proposed funded service area includes large portions of the following 20 States: AZ, CA, CO, IA, ID, KS, MN, MO, MT, ND, NE, NM, NV, OK, OR, SD, TX, UT, WA, and WY. These States represent 15 of the 18 with the lowest population density and 7 of the 11 with the highest level of primary health care shortage.

There are an estimated 4.6 million households in the proposed funded service area (unserved and underserved areas combined); some 98% are in rural areas and a large percentage are economically disadvantaged. The satellite's service area (unserved, underserved and served areas combined) also includes some: 2300 hospitals and rural health clinics; 2,985 nursing home facilities; 22,500 elementary/ secondary schools; 800 colleges and universities; 18,000 police and fire facilities; 3,300 libraries; and 1.79 million healthcare professionals. We estimate that there are 50,000 strategic institutional sites in this area.

The system will provide affordable broadband Internet access and other broadband services to consumers, vulnerable populations, community anchor institutions (schools, libraries, hospitals and clinics, community centers) public safety entities, critical community organizations and Governmental agencies in States with significant remote and rural areas.

The system will employ an “open wholesale access” model, whereby capacity will be provided on a non-discriminatory, wholesale basis to a wide variety of retail service providers who will provide end users with a choice of Internet access providers. In particular, Dish Network has expressed an interest in supplementing its current satellite television offerings with this type of affordable satellite broadband offering that is particularly critical for vulnerable populations and critical organizations.

This open wholesale access business model will facilitate compliance with the non-discrimination and interconnection obligations of the Recovery Act. Retail service providers also will be required to comply with those non-discrimination and interconnection obligations.

The following services will be provided at the following per-subscriber wholesale prices, with actual pricing dependent upon whether a combination of grant and loan is received under BIP or a grant under BTOP.

Lifeline Service: Internet access at 1 Mbit/s down/512 kbit/s up at \$8.75/month under BTOP and \$13.75/month under BIP. This service is similar to basic DSL service.

Plus Service: Internet access at 3 Mbit/s downlink/1 Mbit/s uplink at \$[REDACTED]/month under BTOP and \$[REDACTED]/month under BIP. This service is comparable to the median cable broadband service today.

Supreme Service: Internet access at 8 Mbit/s down/2 Mbit/s up at \$[REDACTED]/month under BTOP and \$[REDACTED]/month under BIP. This service is better than 80% of all cable broadband service in the US.

T2 Plus service on demand: A 6 Mbit/s or higher transport service in each direction primarily for institutional and professional applications such as telemedicine, distance learning, continuing education, public safety, and the like. Such a service is not available anywhere in the proposed funded service area.

The following are subscriber projections for the first five years of operations:

	2012	2013	2014	2015	2016
Households	78,385	330,446	621,704	862,315	1,061,085
Businesses	9,163	38,630	72,682	100,806	124,042
Strategic Institutions	773	3,258	6,129	8,502	10,461

This project is expected to create/save as many as 450 US jobs during the construction phase and 2,650 US jobs during the 15 year operating period. These estimates are detailed as follows: 300 jobs per year for the 2 years of satellite construction; 150 jobs per year for the network build-out; a ramp up to 400 jobs per year in 2016 for the life of the satellite for operations; 1500 jobs per year for the life of the satellite for customer care and some 750 jobs per year for installation of CPE. Starting with immediate employment of 300 people, we envision a ramp in direct and

indirect employment ramp up to 1,900 people employed in year 5 and 2,650 people at full operations.