

Satellite equipment maker ViaSat buying WildBlue

1 October 2009, By DEBORAH YAO , AP Business Writer

(AP) -- ViaSat Inc. is acquiring WildBlue Communications Inc., a provider of high-speed Internet access via satellite, for \$568 million in cash and stock, the companies said Thursday.

Privately held WildBlue, in which Liberty Media Corp. holds a 37 percent stake, will become an operating subsidiary of ViaSat, which makes satellite communications equipment for defense and consumer markets.

Carlsbad, Calif.-based ViaSat plans to buy WildBlue for \$443 million in cash and \$125 million in new common stock. Liberty Media, controlled by media mogul John Malone, will appoint a representative to ViaSat's board. Mark Carleton, senior vice president at Liberty, is WildBlue's chairman.

ViaSat is planning to launch a satellite in the first quarter of 2011 that will enable WildBlue to offer speeds of 2 Megabits per second to 8 Megabits per second - closer to those offered by cable operators. Currently, WildBlue's speeds top out at a DSL-like 1.5 Mbps.

ViaSat plans to hold prices essentially the same for consumers, which range from \$39.95 to \$79.95 a month for speeds of 512 kilobits per second to 1.5 Mbps.

WildBlue, based in Denver, serves 400,000 subscribers of which around 90 percent have dial-up Internet access as their only alternative. The company holds 44 percent of the U.S. satellite ISP market.

The higher speeds will enable easier downloads of videos and other multimedia for WildBlue's customers. WildBlue's service is resold by DirecTV Group Inc., Dish Network Corp., AT&T Inc. and the National Rural Telecommunications Cooperative.

The purchase marks the first time ViaSat will be

dealing directly with consumers. The deal, expected to close by April, should boost ViaSat's earnings before one-time items.

WildBlue has struggled with having enough capacity to add more customers, and ViaSat's new satellite should provide the bandwidth needed to grow.

Rival satellite ISP HughesNet, a unit of Hughes Communications Inc., also offers higher speeds, but ViaSat's new satellite should make WildBlue more competitive.

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