UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2015

or

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

Commission file number 001-35003

RigNet, Inc.
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**76-0677208** **(I.R.S. Employer Identification No.)**
1880 S. Dairy Ashford, Suite 300 **Houston, Texas** **(Address of principal executive offices)**	**77077-4760** **(Zip Code)**

(281) 674-0100
Registrant's telephone number, including area code

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At July 31, 2015, there were outstanding 17,692,909 shares of the registrant’s Common Stock.

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PART I – FINANCIAL INFORMATION

Item 1. ***Condensed Consolidated Financial Statements***

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2015	December 31, 2014
	(in thousands, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 61,524	$ 66,576
Restricted cash	781	1,200
Accounts receivable, net	71,130	74,625
Costs and estimated earnings in excess of billings on uncompleted contracts	18,392	13,831
Prepaid expenses and other current assets	7,298	7,422
Total current assets	**159,125**	**163,654**
Property, plant and equipment, net	74,862	76,195
Goodwill	30,171	30,128
Intangibles, net	21,624	21,051
Deferred tax and other assets	8,720	8,809
TOTAL ASSETS	**$ 294,502**	**$ 299,837**
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 12,779	$ 13,560
Accrued expenses	14,431	23,230
Current maturities of long-term debt	8,413	8,405
Income taxes payable	3,617	4,978
Deferred revenue	5,097	4,780
Total current liabilities	**44,337**	**54,953**
Long-term debt	73,461	77,706
Deferred revenue	458	516
Deferred tax liability	347	228
Other liabilities	27,947	24,343
Total liabilities	**146,550**	**157,746**
Commitments and contingencies (Note 12)		
Equity:		
Stockholders' equity		
Preferred stock - $0.001 par value; 10,000,000 shares authorized; no shares issued or outstanding at June 30, 2015 or December 31, 2014	—	—
Common stock - $0.001 par value; 190,000,000 shares authorized; 17,692,909 and 17,629,830 shares issued and outstanding at June 30, 2015 and December 31, 2014, respectively	18	18
Additional paid-in capital	139,841	137,662
Retained earnings	15,941	10,931
Accumulated other comprehensive (loss)	(8,010)	(6,682)
Total stockholders' equity	**147,790**	**141,929**
Non-redeemable, non-controlling interest	162	162
Total equity	**147,952**	**142,091**
TOTAL LIABILITIES AND EQUITY	**$ 294,502**	**$ 299,837**

The accompanying notes are an integral part of the condensed consolidated financial statements.

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RIGNET, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
	(in thousands, except per share amounts)			
Revenue	**$ 75,106**	**$ 80,656**	**$ 152,756**	**$ 155,699**
Expenses:				
Cost of revenue (excluding depreciation and amortization)	39,736	45,656	83,669	92,177
Depreciation and amortization	8,211	7,280	16,307	14,077
Selling and marketing	1,668	1,764	3,491	3,293
General and administrative	16,388	16,154	37,734	30,997
Total expenses	**66,003**	**70,854**	**141,201**	**140,544**
Operating income	**9,103**	**9,802**	**11,555**	**15,155**
Other income (expense):				
Interest expense	(508)	(565)	(1,019)	(1,046)
Other income (expense) net	160	(51)	(409)	600
Income before income taxes	8,755	9,186	10,127	14,709
Income tax expense	(2,635)	(3,438)	(4,949)	(6,653)
Net income	**6,120**	**5,748**	**5,178**	**8,056**
Less: Net income attributable to Non-redeemable, non-controlling interest	81	81	168	194
Net income attributable to RigNet, Inc. stockholders	**$ 6,039**	**$ 5,667**	**$ 5,010**	**$ 7,862**
COMPREHENSIVE INCOME				
Net income	$ 6,120	$ 5,748	$ 5,178	$ 8,056
Foreign currency translation	3,255	841	(1,328)	1,853
Comprehensive income	**9,375**	**6,589**	**3,850**	**9,909**
Less: Comprehensive income attributable to non-controlling interest	81	81	168	194
Comprehensive income attributable to RigNet, Inc. stockholders	**$ 9,294**	**$ 6,508**	**$ 3,682**	**$ 9,715**
INCOME PER SHARE - BASIC AND DILUTED				
Net income attributable to RigNet, Inc. common stockholders	$ 6,039	$ 5,667	$ 5,010	$ 7,862
Net income per share attributable to RigNet, Inc. common stockholders, basic	$ 0.35	$ 0.32	$ 0.29	$ 0.45
Net income per share attributable to RigNet, Inc. common stockholders, diluted	$ 0.34	$ 0.31	$ 0.28	$ 0.44
Weighted average shares outstanding, basic	17,499	17,490	17,482	17,379
Weighted average shares outstanding, diluted	17,893	18,108	17,857	18,029

The accompanying notes are an integral part of the condensed consolidated financial statements.

RIGNET, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2015	2014
	(in thousands)	
Cash flows from operating activities:		
Net income	$ 5,178	$ 8,056
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	16,307	14,077
Stock-based compensation	1,982	2,343
Amortization of deferred financing costs	87	96
Deferred taxes	202	(380)
Gain on sales of property, plant and equipment, net of retirements	(13)	(83)
Changes in operating assets and liabilities, net of effect of acquisition:		
Accounts receivable	2,954	(18,852)
Costs and estimated earnings in excess of billings on uncompleted contracts	(4,561)	(2,320)
Prepaid expenses and other assets	(161)	11,511
Accounts payable	(2,519)	(11,978)
Accrued expenses	(9,939)	5,970
Deferred revenue	314	188
Other liabilities	3,604	1,412
Net cash provided by operating activities	**13,435**	**10,040**
Cash flows from investing activities:		
Acquisitions, net of cash acquired	—	(23,260)
Capital expenditures	(14,331)	(15,753)
Proceeds from sales of property, plant and equipment	21	733
Decrease in restricted cash	419	405
Net cash used in investing activities	**(13,891)**	**(37,875)**
Cash flows from financing activities:		
Proceeds from issuance of common stock	105	1,409
Subsidiary distributions to non-controlling interest	(168)	(149)
Proceeds from borrowings	—	30,000
Repayments of long-term debt	(4,324)	(4,335)
Excess tax benefits from stock-based compensation	92	647
Net cash provided by (used in) financing activities	**(4,295)**	**27,572**
Net decrease in cash and cash equivalents	**(4,751)**	**(263)**
Cash and cash equivalents:		
Balance, January 1,	66,576	59,822
Changes in foreign currency translation	(301)	1,448
Balance, June 30,	**$ 61,524**	**$ 61,007**
Supplemental disclosures:		
Income taxes paid	$ 5,455	$ 7,207
Interest paid	$ 940	$ 950
Non-cash investing - capital expenditures accrued	$ 4,221	$ 5,471
Liabilities assumed - Inmarsat's Enterprise Energy business unit acquisition	$ —	$ 11,795

The accompanying notes are an integral part of the condensed consolidated financial statements.

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RIGNET, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)

	Common Stock		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Non-Redeemable, Non-Controlling Interest	Total Equity
	Shares	Amount						
				(in thousands)				
Balance, January 1, 2014	**17,237**	**$ 17**	**$128,932**	**$ (4,704)**	**$ 435**	**$ 124,680**	**$ 108**	**$124,788**
Issuance of common stock upon the exercise of stock options and warrants	320	1	1,408	—	—	**1,409**	—	**1,409**
Issuance of restricted common stock, net of share cancellations	61	—	—	—	—	—	—	—
Stock-based compensation	—	—	2,343	—	—	**2,343**	—	**2,343**
Excess tax benefits from stock-based compensation	—	—	647	—	—	**647**	—	**647**
Foreign currency translation	—	—	—	—	1,853	**1,853**	—	**1,853**
Non-controlling owner distributions	—	—	—	—	—	—	(149)	**(149)**
Net income	—	—	—	7,862	—	**7,862**	194	**8,056**
Balance, June 30, 2014	**17,618**	**$ 18**	**$133,330**	**$ 3,158**	**$ 2,288**	**$ 138,794**	**$ 153**	**$138,947**
Balance, January 1, 2015	**17,630**	**$ 18**	**$137,662**	**$ 10,931**	**$ (6,682)**	**$ 141,929**	**$ 162**	**$142,091**
Issuance of common stock upon the exercise of stock options	5	—	105	—	—	**105**	—	**105**
Issuance of restricted common stock, net of share cancellations	58		—	—	—	—	—	—
Stock-based compensation	—	—	1,982	—	—	**1,982**	—	**1,982**
Excess tax benefits from stock-based compensation	—	—	92	—	—	**92**	—	**92**
Foreign currency translation	—	—	—	—	(1,328)	**(1,328)**	—	**(1,328)**
Non-controlling owner distributions	—	—	—	—	—	—	**(168)**	**(168)**
Net income (loss)	—	—	—	5,010	—	**5,010**	**168**	**5,178**
Balance, June 30, 2015	**17,693**	**$ 18**	**$139,841**	**$ 15,941**	**$ (8,010)**	**$ 147,790**	**$ 162**	**$147,952**

The accompanying notes are an integral part of the condensed consolidated financial statements.

Note 1 – Basis of Presentation

The interim unaudited condensed consolidated financial statements of RigNet, Inc. (the Company or RigNet) include all adjustments which, in the opinion of management, are necessary for a fair presentation of the Company's financial position and results of operations. All such adjustments are of a normal recurring nature. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and Rule 10-01 of Regulation S-X. The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying footnotes. Estimates and assumptions about future events and their effects cannot be perceived with certainty. Estimates may change as new events occur, as more experience is acquired, as additional information becomes available and as the Company's operating environment changes. Actual results could differ from estimates. These interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2014 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 2, 2015.

Significant Accounting Policies

Please refer to RigNet's Annual Report on Form 10-K for fiscal year 2014 for information regarding the Company's accounting policies.

Recently Issued Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2013-11 (ASU 2013-11), Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit when a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. This update defines the criteria as to when an unrecognized tax benefit should be presented as a liability and when it should be netted against a deferred tax asset on the face of the balance sheet. ASU 2013-11 is effective for fiscal years beginning after December 15, 2013. The Company adopted ASU 2013-11 as of January 1, 2014. The adoption of ASU 2013-11 did not have any impact on the Company's condensed consolidated financial statements.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 (ASU 2014-09), Revenue from Contracts with Customers (Topic 606). The core principle of this amendment is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The pronouncement initially was effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period and is to be applied retrospectively, with early application initially not permitted. In July 2015, the FASB decided to defer for one year the effective date of the new revenue standard ASU 2014-09. The FASB also decided to permit entities to early adopt the standard. The Company does not expect the adoption of ASU 2014-09 to have a significant impact on the Company's condensed consolidated financial statements.

In April 2015, the FASB issued Accounting Standards Update No. 2015-03 (ASU 2015-03), Interest - Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs (Topic 835), which requires that debt issuance costs related to a recognized debt liability be presented on the balance sheet as a direct deduction from the carrying amount of the related debt liability, consistent with debt discounts. ASU 2015-03 is effective for annual and interim periods for fiscal years beginning after December 15, 2015. Early application is permitted. The Company will adopt ASU 2015-03 as of January 1, 2016. The Company does not expect the adoption of ASU 2015-03 to have a significant impact on the Company's condensed consolidated financial statements

Note 2 – Business Combinations

Inmarsat's Enterprise Energy Business Unit

On January 31, 2014, RigNet closed the acquisition of Inmarsat Plc's Enterprise Energy business unit for an aggregate purchase price of $26.1 million, including $12.9 million of working capital. Of this aggregate purchase price, RigNet paid $23.3 million to Inmarsat on January 31, 2014 and an additional $2.8 million on July 31, 2014. Under the terms of the deal, Inmarsat sold to RigNet substantially all of its energy broadband assets, which include: microwave and WiMAX networks in the U.S. Gulf of Mexico and the North Sea serving drillers, producers and energy vessel owners; VSAT interests in the United Kingdom, U.S. and Canada; an M2M SCADA VSAT network in the continental U.S. serving the pipeline industry; a telecommunications systems integration business operating worldwide; and a global L-band MSS retail energy business.

The assets and liabilities of Inmarsat's Enterprise Energy business unit have been recorded at their estimated fair values at the date of acquisition.

	Weighted Average Estimated Useful Life (Years)		Fair Market Values
			(in thousands)
Current assets			$ 23,871
Property, plant and equipment			8,381
Identifiable intangible assets:			
Backlog	2	$1,800	
Licenses	7	2,000	
Customer relationships	7	240	
Total identifiable intangible assets			4,040
Other assets			760
Liabilities			(10,969)
Total purchase price			$ 26,083

RigNet financed the transaction with the credit facility announced on October 3, 2013 (see Note 6—Long-Term Debt) and existing cash on hand.

For the three and six months ended June 30, 2014, RigNet spent $0.6 million and $2.9 million, respectively, on acquisition-related costs, which are reported as general and administrative expense in our Condensed Consolidated Statements of Comprehensive Income.

Actual and Pro Forma Impact of the Inmarsat's Enterprise Energy Business Unit Acquisition

Inmarsat's Enterprise Energy business unit revenue and net income included in the Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2014 are presented in the following table. These amounts represent operations commencing immediately after the acquisition, February 1, 2014, through the end of the periods indicated (in thousands):

	Three Months Ended June 30, 2014	Six Months Ended June 30, 2014
Revenue	$ 19,192	$ 32,910
Net Income	$ 926	$ 1,147

For the three and six months ended June 30, 2014, RigNet's supplemental pro forma revenue were $80.7 million and $161.4 million, respectively, calculated as if the Inmarsat's Enterprise Energy business unit acquisition had occurred on January 1, 2013.

RigNet has not disclosed supplemental pro-forma earnings for the three and six months ended June 30, 2014 as there is no practicable method to calculate pro-forma earnings. After making every reasonable effort, RigNet was unable to retrospectively allocate indirect costs, including over-head, to the assets that were purchased in the asset carve out. To do so would require RigNet to make assumptions about the intentions of the management of Inmarsat's Enterprise Energy business unit prior to the acquisition which cannot be independently substantiated. Such retrospective application requires significant estimates of amounts, and it is impossible to distinguish objectively information about those estimates.

Note 3 – Business and Credit Concentrations

The Company is exposed to various business and credit risks including interest rate, foreign currency, credit and liquidity risks.

Interest Rate Risk

The Company has significant interest-bearing liabilities at variable interest rates which generally price monthly. The Company's variable borrowing rates are tied to LIBOR resulting in interest rate risk (see Note 6 – Long-Term Debt). The Company does not currently use financial instruments to hedge these interest rate risk exposures, but evaluates this on a continual basis and may put financial instruments in place in the future if deemed necessary.

Foreign Currency Risk

The Company has exposure to foreign currency risk, as a portion of the Company's activities are conducted in currencies other than U.S. dollars. Currently, the Australian dollar, the Norwegian kroner and the British pound sterling are the currencies that could materially impact the Company's financial position and results of operations. The Company's historical experience with exchange rates for these currencies has been relatively stable, and, consequently, the Company typically does not use financial instruments to hedge this risk, but evaluates it on a continual basis and may put financial instruments in place in the future if deemed necessary. Foreign currency translations are reported as accumulated other comprehensive income in the Company's condensed consolidated financial statements.

Credit Risk

Credit risk, with respect to accounts receivable, is due to the limited number of customers concentrated in the oil and gas industry. The Company mitigates the risk of financial loss from defaults through defined collection terms in each contract or service agreement and periodic evaluations of the collectability of accounts receivable. The evaluations include a review of customer credit reports and past transaction history with the customer. The Company provides an allowance for doubtful accounts which is adjusted when the Company becomes aware of a specific customer's inability to meet its financial obligations or as a result of changes in the overall aging of accounts receivable.

Liquidity Risk

The Company maintains cash and cash equivalent balances with major financial institutions which, at times, exceed federally insured limits. The Company monitors the financial condition of the financial institutions and has not experienced losses associated with these accounts during 2015 or 2014. Liquidity risk is managed by continuously monitoring forecasted and actual cash flows and by matching the maturity profiles of financial assets and liabilities (see Note 6 – Long-Term Debt).

Note 4 – Goodwill and Intangibles

Goodwill

Goodwill relates to the acquisitions of LandTel Communications LLC (LandTel), OilCamp AS (OilCamp), and Nessco Group Holdings Ltd. (Nessco) as the consideration paid for these businesses exceeded the fair value of acquired identifiable net tangible and intangible assets. Goodwill is reviewed for impairment at least annually with additional evaluations being performed when events or circumstances indicate that the carrying value of these assets may not be recoverable. The Company performs its annual impairment test on July 31st, with the most recent annual test being performed as of July 31, 2014. The July 2014 annual test resulted in no impairment as the fair value of each reporting unit exceeded the carrying value plus goodwill of that reporting unit. Additionally, the Company performs additional impairment testing upon the occurrence of certain triggering events that may indicate a potential impairment. During December 2014, the Company identified a triggering event associated with the significant decline in oil prices and global oil and gas activity for which an impairment test was performed as of December 31, 2014. This circumstance resulted in a reduction in the Company's cash flow projections during the revision of internal forecasts. Specifically the TSI segment was impacted by declining contracted backlog, which reduced the estimated fair value of the TSI reporting unit below its carrying value. In December 2014, the Company recognized a $2.7 million impairment of goodwill within the TSI reporting unit as a result of such test. As of June 30, 2015 and December 31, 2014, goodwill was $30.2 million and $30.1 million, respectively. Goodwill increases or decreases in value due to the effect of foreign currency translation.

Intangibles

Intangibles consist of customer relationships (acquired as part of the LandTel, OilCamp, Nessco and Inmarsat's Enterprise Energy business unit acquisitions), as well as trade name (acquired as part of the Nessco acquisition), backlog (acquired as part of the Nessco and Inmarsat's Enterprise Energy business unit acquisitions), licenses (acquired primarily as part of the Inmarsat's Enterprise

Energy business unit acquisition) and internal-use software. The Company's intangibles have useful lives ranging from 1.7 to 9.0 years and are amortized on a straight-line basis. Impairment testing is performed when events or circumstances indicate that the carrying value of the assets may not be recoverable. No impairment indicators have been identified as of June 30, 2015. As of June 30, 2015 and December 31, 2014, intangibles were $21.6 million and $21.1 million, respectively. During the three months ended June 30, 2015 and 2014, the Company recognized amortization expense of $1.5 million and $1.2 million, respectively. During the six months ended June 30, 2015 and 2014, the Company recognized amortization expense of $2.8 million and $2.5 million, respectively.

The following table sets forth expected amortization expense of intangibles for the remainder of 2015 and the following years (in thousands):

2015	2,735
2016	5,097
2017	5,022
2018	4,318
2019	3,158
Thereafter	1,294
	$21,624

Note 5 – Restricted Cash

As of June 30, 2015, the Company had restricted cash of $0.8 million and $0.1 million, in current and long-term assets, respectively. As of December 31, 2014, the Company had restricted cash of $1.2 million and $0.1 million, in current and long-term assets, respectively. This restricted cash is being used to collateralize outstanding performance bonds for Nessco's telecoms systems integration projects which were in effect prior to RigNet acquiring Nessco (see Note 6 – Long-Term Debt).

Note 6 – Long-Term Debt

As of June 30, 2015 and December 31, 2014, the following credit facilities and long-term debt arrangements with financial institutions were in place:

	June 30, 2015	December 31, 2014
	(in thousands)	
Term loan, net of unamortized deferred financing costs	$46,874	$ 51,111
Revolving loan	35,000	35,000
	81,874	86,111
Less: Current maturities of long-term debt	(8,413)	(8,405)
	$73,461	$ 77,706

Term Loan

The Company has a term loan (Term Loan) issued under the amended and restated credit agreement with four participating financial institutions. On October 3, 2013, the Company amended its Term Loan, which increased the principal balance to $60.0 million from $54.6 million and extended the maturity of the loan from July 2017 to October 2018.

The amended Term Loan bears an interest rate of LIBOR plus a margin ranging from 1.5% to 2.5% based on a ratio of funded debt to Adjusted EBITDA, a non-GAAP financial measure as defined in the credit agreement. Interest is payable monthly along with quarterly principal installments of $2.1 million, with the balance due October 2018. The weighted average interest rate for the three months ended June 30, 2015 and 2014 were 2.0% and 2.1%, respectively. The weighted average interest rate for the six months ended June 30, 2015 and 2014 were 2.0% and 2.0%, respectively, with an interest rate of 1.9% at June 30, 2015.

The Term Loan is secured by substantially all the assets of the Company. As of June 30, 2015, the Term Loan had an outstanding principal balance of $47.2 million.

Revolving Loans

Under the amended and restated credit agreement with four participating financial institutions dated October 3, 2013, the Company also secured a $125.0 million revolving credit facility, which includes a $15 million sublimit for the issuance of standby letters of credit. As of June 30, 2015, $35.0 million in draws have been made on the facility and remain outstanding. The revolving credit facility matures in October 2018 with any outstanding borrowings then payable.

The revolving loan bears an interest rate of LIBOR plus a margin ranging from 1.5% to 2.5% based on a ratio of funded debt to Adjusted EBITDA, a non-GAAP financial measure as defined in the credit agreement. The weighted average interest rate for the three months ended June 30, 2015 and 2014 was 2.0% and 2.1%, respectively. The weighted average interest rate for the six months ended June 30, 2015 and 2014 was 1.9% and 2.0%, respectively, with an interest rate of 1.9% at June 30, 2015.

Performance Bonds

On September 14, 2012, NesscoInvsat Limited, a subsidiary of RigNet, secured a performance bond facility with a lender in the amount of £4.0 million, or $6.3 million. This facility has a maturity date of June 30, 2017. As of June 30, 2015, the amount available under this facility was £1.5 million or $2.4 million.

Certain legacy Nessco performance bonds also require the Company to maintain restricted cash balances on a dollar of restricted cash for a dollar of performance bond basis to collateralize outstanding performance bonds. As of June 30, 2015, the Company had restricted cash of $0.8 million and $0.1 million, in current and long-term assets, respectively, to satisfy this requirement. As of December 31, 2014, the Company had restricted cash of $1.2 million and $0.1 million, in current and long-term assets, respectively, to satisfy this requirement.

Covenants and Restrictions

The Company's credit agreement contains certain covenants and restrictions, including restricting the payment of cash dividends upon a default and maintaining certain financial covenants such as a ratio of funded debt to Adjusted EBITDA, a non-GAAP financial measure as defined in the credit agreement, and a fixed charge coverage ratio. If any default occurs related to these covenants, the unpaid principal and any accrued interest shall be declared immediately due and payable. As of June 30, 2015 and December 31, 2014, the Company believes it was in compliance with all covenants.

Debt Maturities

The following table sets forth the aggregate principal maturities of long-term debt, net of deferred financing cost amortization, for the remainder of 2015 and the following years (in thousands):

2015	$ 4,204
2016	8,556
2017	8,437
2018	60,677
2019	—
Total debt, including current maturities	$81,874

Note 7 – Fair Value Disclosures

The Company uses the following methods and assumptions to estimate the fair value of financial instruments:

- ***Cash and Cash Equivalents*** — Reported amounts approximate fair value based on quoted market prices (Level 1).
- ***Restricted Cash*** — Reported amounts approximate fair value.
- ***Accounts Receivable*** — Reported amounts, net of the allowance for doubtful accounts, approximate fair value due to the short term nature of these assets.
- ***Accounts Payable, Including Income Taxes Payable and Accrued Expenses*** — Reported amounts approximate fair value due to the short term nature of these liabilities.
- ***Long-Term Debt*** — The carrying amount of the Company's floating-rate debt approximates fair value since the interest rates paid are based on short-term maturities and recent quoted rates from financial institutions. The estimated fair value of debt was calculated based upon observable (Level 2) inputs regarding interest rates available to the Company at the end of each respective period.

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Note 8 – Income Taxes

The Company's effective income tax rate was 30.1% and 37.4% for the three months ended June 30, 2015 and 2014, respectively. The Company's effective income tax rate was 48.9% and 45.2% for the six months ended June 30, 2015 and 2014, respectively. The Company's effective tax rate is affected by factors including changes in valuation allowances, fluctuations in income across jurisdictions with varying tax rates, and changes in income tax reserves, including related penalties and interest.

The Company has computed the provision for taxes for the current and comparative periods using the actual year-to-date effective tax rate. The Company's financial projections for those periods did not provide the level of detail necessary to calculate a forecasted effective tax rate.

Note 9 – Stock-Based Compensation

During the six months ended June 30, 2015, the Company granted 77,489 shares of restricted stock to certain directors, officers and employees of the Company under the 2010 Omnibus Incentive Plan (2010 Plan). Restricted shares issued to officers and employees, totaling 58,890 shares, vest over a four year period of continued employment, with 25% of the restricted shares vesting on each of the first four anniversaries of the grant date. Restricted shares issued to directors, totaling 18,599 shares, vest in May 2016.

The fair value of restricted stock is determined based on the closing trading price of the Company's common stock on the grant date of the award. Compensation expense is recognized on a straight-line basis over the requisite service period of the entire award.

During the six months ended June 30, 2015, the Company also granted 178,639 stock options to certain officers and employees of the Company under the 2010 Plan. Options granted during this period have exercise prices of $33.20 to $37.64, a contractual term of ten years and vest over a four year period of continued employment, with 25% of the options vesting on each of the first four anniversaries of the grant date.

The fair value of each stock option award is estimated on the grant date using a Black-Scholes option valuation model, which uses certain assumptions as of the date of grant.

The assumptions used for the stock option grants made during the six months ended June 30, 2015 and 2014, were as follows:

	Six Months Ended June 30,	
	2015	2014
Expected volatility	44%	43%
Expected term (in years)	7	7
Risk-free interest rate	1.9%	2.2%
Dividend yield	—	—

Based on these assumptions, the weighted average grant date fair value of stock options granted during the six months ended June 30, 2015 and 2014 was $13.09 and $25.72 per option, respectively.

Stock-based compensation expense related to the Company's stock-based compensation plans for the six months ended June 30, 2015 and 2014 was $2.0 million and $2.3 million, respectively. As of June 30, 2015, there was $8.5 million of total unrecognized compensation cost related to unvested options and restricted stock expected to vest. This cost is expected to be recognized over a remaining weighted-average period of 2.5 years.

Note 10 – Related Party Transactions

One of the Company's former directors, who served on the board until May 2014, is the president and chief executive officer of a drilling corporation which is also a customer of the Company. Revenue recognized from that corporation for the three months ended June 30, 2015 and 2014 was $0.3 million and $0.3 million, respectively. Revenue recognized from that corporation for the six months ended June 30, 2015 and 2014 was $0.6 million and $0.7 million, respectively. All revenue relates to services performed by the Company in the ordinary course of business.

One of the Company's consulting vendors is wholly owned by one of RigNet's significant stockholders. Expense associated with this vendor for the three months ended June 30, 2015 and 2014 was $0.2 million and $0.5 million, respectively. Expense associated with this vendor for the six months ended June 30, 2015 and 2014 was $0.3 million and $0.5 million, respectively. All expenses were incurred by RigNet in the ordinary course of business.

Note 11 – Income per Share

Basic earnings per share (EPS) are computed by dividing Net Income attributable to RigNet common stockholders by the number of basic shares outstanding. Basic shares equal the total of the common shares outstanding, weighted for the average days outstanding for the period. Basic shares exclude the dilutive effect of common shares that could potentially be issued due to the exercise of stock options, vesting of restricted stock or exercise of warrants. Diluted EPS is computed by dividing Net Income attributable to RigNet common stockholders by the number of diluted shares outstanding. Diluted shares equal the total of the basic shares outstanding and all potentially issuable shares, other than antidilutive shares, if any, weighted for the average days outstanding for the period. The Company uses the treasury stock method to determine the dilutive effect. In periods when a net loss is reported, all common stock equivalents are excluded from the calculation because they would have an anti-dilutive effect, meaning the loss per share would be reduced. Therefore, in periods when a loss is reported, basic and dilutive loss per share are the same.

For the three months ended June 30, 2015 and 2014, 393,878 and 618,341 shares of unexercised or unvested securities, respectively, were included in the diluted earnings per share computation due to the dilutive effect. For the six months ended June 30, 2015 and 2014, 374,338 and 650,460 shares of unexercised or unvested securities, respectively, were included in the diluted earnings per share computation due to the dilutive effect.

For the three and six months ended June 30, 2015, there were approximately 162,755 and 163,174, respectively, potentially issuable shares excluded from the Company's calculation of diluted EPS due to the antidilutive position of the security. There were no antidilutive shares for the three and six months ended June 30, 2014.

Note 12 – Commitments and Contingencies

Litigation

The Company, in the ordinary course of business, is a claimant or a defendant in various legal proceedings, including proceedings as to which the Company has insurance coverage and those that may involve the filing of liens against the Company or its assets. The Company does not consider its exposure in these proceedings, individually or in the aggregate, to be material.

Regulatory Matter

In 2013, RigNet's internal compliance program detected potential violations of U.S. sanctions by one of its foreign subsidiaries in connection with certain of its customers' rigs that were moved into the territorial waters of countries sanctioned by the United States. The Company estimates that it received total revenue of approximately $0.1 million during the period related to the potential violations. The Company has voluntarily self-reported the potential violations to U.S. Treasury Department's Office of Foreign Assets Control (OFAC) and the U.S Department of Commerce Bureau of Industry and Security (BIS) and retained outside counsel who conducted an investigation of the matter under the supervision of the Company's Audit Committee and submitted a report to OFAC and BIS. The Company continues cooperating with OFAC and BIS with respect to resolution of the matter.

The Company incurred legal expenses of $0.1 million and zero in connection with the investigation for the six months ended June 30, 2015 and 2014, respectively, relating to this investigation. The Company may continue to incur significant legal fees and related expenses and the investigations may involve management time in the future in order to cooperate with OFAC and BIS. The

Company cannot predict the ultimate outcome of the investigation, the total costs to be incurred in completing the investigation, the potential impact on personnel, the effect of implementing any further measures that may be necessary to ensure full compliance with applicable laws or to what extent, if at all, the Company could be subject to fines, sanctions or other penalties.

Based on the information available at this time and management's understanding of the potential sanctions, the Company currently estimates that it may incur penalties associated with these potential violations within a range of $0.2 million to $1.5 million. The Company has accrued an estimated liability of $0.8 million as management believes this is the most probable outcome. This estimate is based on RigNet's internal investigation and no assurance can be given as to what, if any, penalties OFAC or BIS will impose or whether it will identify or allege additional violations or remedies.

Operating Leases

The Company leases office space under lease agreements expiring on various dates through 2020. For the three months ended June 30, 2015 and 2014, the Company recognized expense under operating leases of $0.9 million and $0.7 million, respectively. For the six months ended June 30, 2015 and 2014, the Company recognized expense under operating leases of $1.6 million and $1.3 million, respectively.

As of June 30, 2015, future minimum lease obligations for the remainder of 2015 and future years were as follows (in thousands):

2015	$1,956
2016	3,090
2017	2,367
2018	1,308
2019	458
Thereafter	271
	$9,450

Commercial Commitments

The Company enters into contracts for satellite bandwidth and other network services with certain providers.

As of June 30, 2015, the Company had the following commercial commitments related to satellite and network services for the remainder of 2015 and the four years thereafter (in thousands):

2015	$ 18,065
2016	33,146
2017	22,251
2018	15,217
2019	16,000
	$104,679

On January 31, 2014, RigNet finalized an agreement with Inmarsat to become a distributor of Inmarsat's Global Xpress (GX) and L-band satellite communications network services. RigNet has agreed, under certain conditions, to purchase up to $65.0 million of capacity from the high-throughput GX network during the five years after it becomes operational. The Company expects to utilize GX and L-band services across RigNet's legacy operations as well as the operations acquired from Inmarsat. The portion of this agreement expected to be committed through 2019 is reflected in the table above.

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Note 13 – Segment Information

Segment information is prepared consistent with the components of the enterprise for which separate financial information is available and regularly evaluated by the chief operating decision-maker for the purpose of allocating resources and assessing performance.

Certain operating segments are aggregated into one reportable segment based on similar economic characteristics. Accordingly, RigNet considers its business to consist of three reportable segments:

- ***Eastern Hemisphere.*** The Eastern Hemisphere segment provides remote communications services for offshore and onshore drilling rigs and production facilities, as well as, energy support vessels and other remote sites. The Eastern Hemisphere segment services are primarily performed out of the Company's Norway, United Kingdom, Qatar, and Singapore based offices for customers and rig sites located on the eastern side of the Atlantic Ocean primarily off the coasts of the United Kingdom, Norway, West Africa, around the Indian Ocean in Qatar, Saudi Arabia and India, around the Pacific Ocean near Australia, and within the South China Sea.
- ***Western Hemisphere.*** The Western Hemisphere segment provides remote communications services for offshore and onshore drilling rigs and production facilities, as well as, energy support vessels and other remote sites. The Western Hemisphere segment services are primarily performed out of the Company's United States and Brazil based offices for onshore and offshore customers and rig sites located on the western side of the Atlantic Ocean primarily in the United States, Canada, Mexico and Brazil, and within the Gulf of Mexico.
- ***Telecoms Systems Integration (TSI).*** The TSI segment designs, assembles, installs and commissions turn-key solutions for customer telecommunications systems. TSI segment solutions are custom designed and engineered turn-key solutions based on the customer's specifications, as well as, international industry standards and best practices. TSI projects include consultancy services, design, engineering, project management, procurement, testing, installation, commissioning and after-sales service. The TSI segment services are primarily performed out of the Company's United Kingdom and United States based offices for customers globally.

Corporate and eliminations primarily represents unallocated corporate office activities, interest expenses, income taxes and eliminations.

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The Company's business segment information as of and for the three and six months ended June 30, 2015 and 2014, is presented below.

	Three Months Ended June 30, 2015				
	Eastern Hemisphere	Western Hemisphere	Telecoms Systems Integration	Corporate and Eliminations	Consolidated Total
			(in thousands)		
Revenue	$ 38,085	$ 26,654	$ 10,367	$ —	$ 75,106
Cost of revenue (excluding depreciation and amortization)	18,734	11,714	7,715	1,573	39,736
Depreciation and amortization	3,988	2,964	774	485	8,211
Selling, general and administrative	3,664	4,326	1,356	8,710	18,056
Operating income (loss)	$ 11,699	$ 7,650	$ 522	$ (10,768)	$ 9,103
Capital expenditures	3,681	2,915	166	1,321	8,083

	Three Months Ended June 30, 2014				
	Eastern Hemisphere	Western Hemisphere	Telecoms Systems Integration	Corporate and Eliminations	Consolidated Total
			(in thousands)		
Revenue	$ 39,842	$ 30,053	$ 10,761	$ —	$ 80,656
Cost of revenue (excluding depreciation and amortization)	19,204	16,572	7,466	2,414	45,656
Depreciation and amortization	3,353	2,682	954	291	7,280
Selling, general and administrative	3,783	4,039	843	9,253	17,918
Operating income (loss)	$ 13,502	$ 6,760	$ 1,498	$ (11,958)	$ 9,802
Capital expenditures	5,668	5,062	367	475	11,572

	Six Months Ended June 30, 2015				
	Eastern Hemisphere	Western Hemisphere	Telecoms Systems Integration	Corporate and Eliminations	Consolidated Total
			(in thousands)		
Revenue	$ 77,056	$ 54,782	$ 20,918	$ —	$ 152,756
Cost of revenue (excluding depreciation and amortization)	36,634	25,668	15,788	5,579	83,669
Depreciation and amortization	7,960	5,980	1,538	829	16,307
Selling, general and administrative	7,192	8,880	2,436	22,717	41,225
Operating income (loss)	$ 25,270	$ 14,254	$ 1,156	$ (29,125)	$ 11,555
Total assets	153,033	138,833	45,434	(42,798)	294,502
Capital expenditures	7,702	5,039	166	3,249	16,156

	Six Months Ended June 30, 2014				
	Eastern Hemisphere	Western Hemisphere	Telecoms Systems Integration	Corporate and Eliminations	Consolidated Total
			(in thousands)		
Revenue	$ 77,864	$ 51,461	$ 26,374	$ —	$ 155,699
Cost of revenue (excluding depreciation and amortization)	37,897	29,244	20,408	4,628	92,177
Depreciation and amortization	6,076	5,445	2,009	547	14,077
Selling, general and administrative	6,767	6,328	1,496	19,699	34,290
Operating income (loss)	$ 27,124	$ 10,444	$ 2,461	$ (24,874)	$ 15,155
Total assets	141,963	135,259	61,643	(40,716)	298,149
Capital expenditures	10,840	8,811	371	1,202	21,224

The following table presents revenue earned from the Company's domestic and international operations for the three and six months ended June 30, 2015 and 2014. Revenue is based on the location where services are provided or goods are sold. Due to the mobile nature of RigNet's customer base and the services provided, the Company works closely with its customers to ensure rig or vessel moves are closely monitored to ensure location of service information is properly reflected.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(in thousands)			
Domestic	$20,810	$26,740	$ 43,516	$ 40,488
International	54,296	53,916	109,240	115,211
Total	$75,106	$80,656	$152,756	$155,699

The following table presents long-lived assets for the Company's domestic and international operations as of June 30, 2015 and December 31, 2014.

	June 30, 2015	December 31, 2014
	(in thousands)	
Domestic	$ 52,293	$ 48,115
International	74,364	79,259
Total	$126,657	$ 127,374

Note 14 – Restructuring Costs – Cost Reduction Plan

In the first quarter of 2015, the Company instituted a resource reallocation plan to vacate and eliminate redundant facilities and eliminate certain excess positions in response to deteriorating oil and gas industry market conditions including declining oil and gas prices, increased stacking and scrapping of offshore drilling rigs and the declining Baker Hughes U.S. land rig count. The plan primarily consisted of a corporate initiative to reallocate resources from the corporate function and the North America Land reporting unit within the Western Hemisphere segment to other growth areas of the Company. The Company undertook this plan to reduce costs and improve the Company's competitive position.

In connection with this plan, in the first quarter of 2015, the Company incurred pre-tax expense of approximately $6.2 million in the corporate segment related to the plan. The restructuring costs included $2.4 million associated with the lay-off of 59 employees, of which $1.9 million and $0.5 million were reported as general and administrative expense and cost of revenue, respectively, in the Condensed Consolidated Statements of Comprehensive Income. The restructuring costs also included $3.8 million associated with ceasing the use of and vacating six Company facilities, of which $2.3 million and $1.5 million were reported as general and administrative expense and cost of revenue, respectively, in the Condensed Consolidated Statements of Comprehensive Income.

Note 15 – Subsequent Events – Additional Cost Reduction Plans

On July 13, 2015, the Company announced additional cost reduction plans to eliminate certain positions in response to continued deteriorating oil and gas industry market conditions including continued increases in the stacking and scrapping of offshore drilling rigs and the continued decline in the Baker Hughes U.S. land rig count since the resource reallocation plan in the first quarter of 2015. The Company is undertaking the additional cost reduction plans to reduce costs and improve the Company's competitive position. In the third quarter of 2015, the Company expects to incur pre-tax expense of approximately $1.0 million related to the additional cost reduction plans. These costs are related to the lay-off of an additional 47 employees.

Item 2. *Management's Discussion And Analysis Of Financial Condition And Results Of Operations*

Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the accompanying unaudited condensed consolidated financial statements as of June 30, 2015 and for the three and six months ended June 30, 2015 and 2014 included elsewhere herein, and with our annual report on Form 10-K for the year ended December 31, 2014. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under "Risk Factors" in Item 1A of our annual report and elsewhere in this quarterly report. See "Forward-Looking Statements" below.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are subject to a number of risks and uncertainties, many of which are beyond the Company's control. These statements may include statements about:

- new regulations, delays in drilling permits or other changes in the drilling industry;
- competition and competitive factors in the markets in which we operate;
- demand for our products and services;
- the level of activity for oil and natural gas exploration, development and production;
- the advantages of our services compared to others;
- changes in customer preferences and our ability to adapt our product and services offerings;
- our ability to develop and maintain positive relationships with our customers;
- our ability to retain and hire necessary employees and appropriately staff our marketing, sales and distribution efforts;
- our cash needs and expectations regarding cash flow from operations and capital expenditures;
- our ability to manage and grow our business and execute our business strategy, including expanding our penetration of the U.S. and international onshore and offshore drilling rigs;
- our strategy;
- our resource reallocation activities and related expense;
- our financial performance, including our ability to expand Adjusted EBITDA through our operational leverage; and
- the costs associated with being a public company.

In some cases, forward-looking statements can be identified by terminology such as "may," "could," "should," "would," "expect," "plan," "project," "intend," "anticipate," "believe," "estimate," "predict," "potential," "pursue," "target," "continue," the negative of such terms or other comparable terminology that convey uncertainty of future events or outcomes. All of these types of statements, other than statements of historical fact included in this Quarterly Report on Form 10-Q, are forward-looking statements.

The forward-looking statements contained in this Quarterly Report on Form 10-Q are largely based on Company expectations, which reflect estimates and assumptions made by Company management. These estimates and assumptions reflect management's best judgment based on currently known market conditions and other factors. Although the Company believes such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties beyond its control. In addition, management's assumptions may prove to be inaccurate. The Company cautions that the forward-looking statements contained in this Quarterly Report on Form 10-Q are not guarantees of future performance, and it cannot assure any reader that such statements will be realized or the forward-looking statements or events will occur. Future results may differ materially from those anticipated or implied in forward-looking statements due to factors listed in the "Risk Factors" section of our annual report on Form 10-K for the year ended December 31, 2014 and elsewhere in this Quarterly Report on Form 10-Q. If one or more of these factors materialize, or if any underlying assumptions prove incorrect, our actual future results, performance or achievements may vary materially from any projected future results, performance or achievements expressed or implied by these forward-looking statements. The forward-looking statements speak only as of the date made, and other than as required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Our Operations

We are a global provider of managed remote communications, telecoms systems integration (project management of turn-key engineered telecommunications solutions) and collaborative applications dedicated to the oil and gas industry, focusing on offshore and onshore drilling rigs, energy production facilities and energy maritime. We focus on developing customer relationships in the oil and gas industry resulting in a significant portion of our revenue being concentrated in a few customers. In addition, due to the concentration of our customers in the oil and gas industry, we face the challenge of service demands fluctuating with the exploration and development plans and capital expenditures of that industry.

Network service customers are primarily served under fixed-price, day-rate contracts, which are based on the concept of pay-per-day of use and are consistent with other service terms used in the oil and gas industry. Our contracts are generally in the form of Master Service Agreements, or MSAs, with specific services being provided under individual service orders that have a term of one to three years with renewal options, while land-based locations are generally shorter term or terminable on short notice without a penalty. Service orders are executed under the MSA for individual remote sites or groups of sites, and generally may be terminated early on short notice without penalty in the event of force majeure, breach of the MSA or cold stacking of a drilling rig (when a rig is taken out of service and is expected to be idle for a protracted period of time).

Segment information is prepared consistent with the components of the enterprise for which separate financial information is available and regularly evaluated by the chief operating decision-maker for the purpose of allocating resources and assessing performance.

Certain operating segments are aggregated into one reportable segment based on similar economic characteristics. Accordingly, we operate three reportable segments, which are managed as distinct business units by our chief operating decision-maker.

- ***Eastern Hemisphere.*** Our Eastern Hemisphere segment provides remote communications services for offshore and onshore drilling rigs and production facilities, as well as, energy support vessels and other remote sites. Our Eastern Hemisphere segment services are primarily performed out of our Norway, United Kingdom, Qatar, and Singapore based offices for customers and rig sites located on the eastern side of the Atlantic Ocean primarily off the coasts of the United Kingdom, Norway, West Africa, around the Indian Ocean in Qatar, Saudi Arabia and India, around the Pacific Ocean near Australia, and within the South China Sea.
- ***Western Hemisphere.*** Our Western Hemisphere segment provides remote communications services for offshore and onshore drilling rigs and production facilities, as well as, energy support vessels and other remote sites. Our Western Hemisphere segment services are primarily performed out of our United States and Brazil based offices for onshore and offshore customers and rig sites located on the western side of the Atlantic Ocean primarily in the United States, Canada, Mexico and Brazil, and within the Gulf of Mexico.
- ***Telecoms Systems Integration (TSI).*** Our TSI segment designs, assembles, installs and commissions turn-key solutions for customer telecommunications systems. TSI segment solutions are custom designed and engineered turn-key solutions based on the customer's specifications, as well as, international industry standards and best practices. TSI projects include consultancy services, design, engineering, project management, procurement, testing, installation, commissioning and after-sales service. Our TSI segment services are primarily performed out of our United Kingdom and United States based offices for customers globally.

Cost of revenue consists primarily of satellite charges, voice and data termination costs, network operations expenses, internet connectivity fees, equipment purchases for telecoms systems integration projects and direct service labor. Direct service labor consists of field technicians, our Network Operations Center (NOC) employees, and other employees who directly provide services to customers. Satellite charges consist of the costs associated with obtaining satellite bandwidth (the measure of capacity) used in the transmission of service to and from leased satellites. Network operations expenses consist primarily of costs associated with the operation of our NOC, which is maintained 24 hours a day, seven days a week. Depreciation and amortization is recognized on all property, plant and equipment either installed at a customer's site or held at our corporate and regional offices, as well as intangibles arising from acquisitions and internal use software. Selling and marketing expenses consist primarily of salaries and commissions, travel costs and marketing communications. General and administrative expenses consist of expenses associated with our management, finance, contract, support and administrative functions.

Profitability increases at a site as we add customers and increase value-added services. Assumptions used in developing the day rates for a site may not cover cost variances from inherent uncertainties or unforeseen obstacles, including both physical conditions and unexpected problems encountered with third party service providers.

Recent Developments

Restructuring Costs – Cost Reduction Plans

On February 19, 2015, we announced a resource reallocation plan to vacate and eliminate redundant facilities and eliminate certain excess positions in response to deteriorating oil and gas industry market conditions including declining oil and gas prices, increased stacking and scrapping of offshore drilling rigs and the declining Baker Hughes U.S. land rig count. The plan primarily consisted of a corporate initiative to reallocate resources from our corporate function and our North America Land reporting unit within our Western Hemisphere segment to other growth areas of the Company. We undertook the plan to reduce costs and improve the Company's competitive position.

In connection with this plan, in the first quarter of 2015, we incurred pre-tax expense of approximately $6.2 million related to the plan. The restructuring costs included $2.4 million associated with the lay-off of 59 employees, of which $1.9 million and $0.5 million were reported as general and administrative expense and cost of revenue, respectively, in our Condensed Consolidated Statements of Comprehensive Income. The restructuring costs also included $3.8 million associated with ceasing the use of and vacating six Company facilities, of which $2.3 million and $1.5 million were reported as general and administrative expense and cost of revenue, respectively, in our Condensed Consolidated Statements of Comprehensive Income.

On July 13, 2015, we announced additional cost reduction plans to eliminate certain positions in response to continued deteriorating oil and gas industry market conditions including continued increases in the stacking and scrapping of offshore drilling rigs and the continued decline in the Baker Hughes U.S. land rig count since the resource reallocation plan in the first quarter of 2015. We are undertaking the additional cost reduction plans to reduce costs and improve our competitive position. In the third quarter of 2015, we expect to incur pre-tax expense of approximately $1.0 million related to the additional cost reduction plans. These costs are related to the lay-off of an additional 47 employees.

Known Trends and Uncertainties

Operating Matters

Uncertainties and negative trends in the oil and gas industry could impact our profitability. The fundamentals of the oil and gas industry we serve have deteriorated over the past year. Oil prices have declined significantly from 2014 mid-year levels due to lower-than-expected global oil demand growth and increased supply from U.S. unconventional sources and increased production from several other international countries. Generally, a prolonged lower oil price environment restrains increases in exploration and development drilling investment, utilization of drilling rigs and the activity of the global oil and gas industry that we serve. Several global exploration and production companies have recently announced plans that they will reduce their 2015 capital budgets compared to 2014 as a result of lower oil prices.

The global oil and gas industry that we serve is increasingly demanding newer, higher specification drilling rigs to perform contract drilling services either as a response to increased technical challenges or for the safety, reliability and efficiency typical of the newer, more capable rigs. This trend is commonly referred to as the bifurcation of the drilling fleet. Bifurcation is occurring in both the jackup and floater rig classes and is evidenced by the higher specification drilling rigs operating at generally higher overall utilization levels and day rates than the lower specification or standard drilling rigs. As the offshore drilling sector continues to construct and deliver a larger number of newer, higher specification drilling units, we expect lower specification drilling units to experience reduced overall utilization and day rates leading to a significant number of rigs being either warm or cold-stacked or scrapped. Although management has observed the pace of cold stacking and scrapping of offshore lower specification drilling rigs recently increasing, management plans to aggressively pursue opportunities to provide our services on the higher specification new build offshore rigs.

As of June 30, 2015, we were serving a total of 270 jack up, semi-submersible and drillship rigs. As a result of deteriorating market conditions, we recast how we calculate our market share to be based on an IHS-Petrodata RigBase Current Activity report as of June 30, 2015 excluding cold-stacked rigs, rigs under construction, rigs out of service and rigs in sanctioned countries, as the marketplace does not consider these rigs to be addressable. Excluding a total of 15 and 7 rigs (all of which are either under construction or cold-stacked) as of March 31, 2015 and June 30, 2015, respectively, we approximate our addressable market share to be 35.4% as of June 30, 2015, which is comparable to last quarter's market share of 35.4%. As of June 30, 2015, we were serving 515 strategic initiative sites, which include production facilities, energy support vessels and international onshore rigs. As of June 30, 2015, we were also serving 442 other sites, which include U.S. onshore drilling rigs, completion facilities, remote support offices and supply bases.

Several drilling rig owners have recently announced and begun to cold stack and scrap drilling rigs which generally are older and not expected to be competitive. We expect that additional announcements are likely in the near future as a result of the potential overall lower global demand for offshore drilling rigs and expectations that many of the scheduled new build drilling rigs are delivered and compete for global rig activity. Since October 1, 2014, we have been notified directly by customers or through public announcements that 47 offshore drilling rigs we served will be cold-stacked or scrapped. Revenue earned in 2014 from these 47 offshore drilling rigs was $9.8 million. As of June 30, 2015, we have terminated providing communication services on 23 of the 47 offshore drilling rigs as a result of being cold-stacked or scrapped. Revenue earned in 2014 from these 23 offshore drilling rigs was $3.9 million. Additionally, since December 31, 2014, our strategic initiatives and other sites, which include U.S. land, have declined by 47 and 234 sites, respectively, as a result of declining market conditions. The Baker Hughes U.S. land rig count has declined approximately 55.6% to 857 units in late July 2015 since its recent peak of 1,931 in late November 2014.

In addition, uncertainties that could impact our profitability include service responsiveness to remote locations, communication network complexities, political and economic instability in certain regions, export restrictions, licenses and other trade barriers. These uncertainties may result in the delay of service initiation, which may negatively impact our results of operations.

Additional uncertainties that could impact our operating cash flows include the availability and cost of satellite bandwidth, timing of collecting our receivables, and our ability to increase our contracted services through sales and marketing efforts while leveraging the contracted satellite and other communication service costs.

Regulatory Matter

We cannot predict the ultimate outcome of the OFAC and BIS investigation (described in this Item under the heading “Regulatory Matter”), the total costs to be incurred in completing the investigation, the potential impact on personnel, the effect of implementing any further measures that may be necessary to ensure full compliance with applicable laws or to what extent, if at all, we could be subject to fines, sanctions or other penalties.

Potential Future Goodwill Impairment

During our December 31, 2014 interim impairment test, the fair value of our North America Land reporting unit, in our Western Hemisphere reportable segment, exceeded carrying value by approximately 5.1%. As of June 30, 2015, the goodwill balance held by our North America Land reporting unit was $10.9 million. Although, as of June 30, 2015, we concluded that no further triggering events had occurred, any further downturn or lack of recovery in our North America Land business could adversely impact the key assumptions in our goodwill impairment test. While we believe that there appears to be no indication of current or future impairment, historical operating results may not be indicative of future operating results and events and circumstances may occur causing a triggering event in a period as short as three months.

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Results of Operations

The following table sets forth selected financial and operating data for the periods indicated.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(in thousands)			
Revenue	$75,106	$80,656	$152,756	$155,699
Expenses:				
Cost of revenue (excluding depreciation and amortization)	39,736	45,656	83,669	92,177
Depreciation and amortization	8,211	7,280	16,307	14,077
Selling and marketing	1,668	1,764	3,491	3,293
General and administrative	16,388	16,154	37,734	30,997
Total expenses	66,003	70,854	141,201	140,544
Operating income	9,103	9,802	11,555	15,155
Other expense, net	(348)	(616)	(1,428)	(446)
Income before income taxes	8,755	9,186	10,127	14,709
Income tax expense	(2,635)	(3,438)	(4,949)	(6,653)
Net income	6,120	5,748	5,178	8,056
Less: Net income attributable to non-controlling interests	81	81	168	194
Net income (loss) attributable to RigNet, Inc. stockholders	$ 6,039	$ 5,667	$ 5,010	$ 7,862
Other Non-GAAP Data:				
Gross Profit (excluding depreciation and amortization)	$35,370	$35,000	$ 69,087	$ 63,522
Unlevered Free Cash Flow	$10,423	$ 7,234	$ 19,464	$ 13,790
Adjusted EBITDA	$18,506	$18,806	$ 35,620	$ 35,014
Cash Earnings	$15,363	$14,803	$ 29,652	$ 27,315
Cash EPS	$ 0.86	$ 0.82	$ 1.66	$ 1.52

The following represents selected financial operating results for our segments:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(in thousands)			
Eastern Hemisphere:				
Revenue	$38,085	$39,842	$77,056	$77,864
Cost of revenue (excluding depreciation and amortization)	18,734	19,204	36,634	37,897
Gross Profit (non-GAAP measure)	19,351	20,638	40,422	39,967
Depreciation and amortization	3,988	3,353	7,960	6,076
Selling, general and administrative	3,664	3,783	7,192	6,767
Eastern Hemisphere operating income	$11,699	$13,502	$25,270	$27,124
Western Hemisphere:				
Revenue	$26,654	$30,053	$54,782	$51,461
Cost of revenue (excluding depreciation and amortization)	11,714	16,572	25,668	29,244
Gross Profit (non-GAAP measure)	14,940	13,481	29,114	22,217
Depreciation and amortization	2,964	2,682	5,980	5,445
Selling, general and administrative	4,326	4,039	8,880	6,328
Western Hemisphere operating income	$ 7,650	$ 6,760	$14,254	$10,444
Telecoms Systems Integration:				
Revenue	$10,367	$10,761	$20,918	$26,374
Cost of revenue (excluding depreciation and amortization)	7,715	7,466	15,788	20,408
Gross Profit (non-GAAP measure)	2,652	3,295	5,130	5,966
Depreciation and amortization	774	954	1,538	2,009
Selling, general and administrative	1,356	843	2,436	1,496
Telecom Systems Integration operating income	$ 522	$ 1,498	$ 1,156	$ 2,461

NOTE: Consolidated balances include the three segments above along with corporate activities and intercompany eliminations.

Three Months Ended June 30, 2015 and 2014

Revenue. Revenue decreased by $5.6 million, or 6.9%, to $75.1 million for the three months ended June 30, 2015 from $80.7 million for the three months ended June 30, 2014. This decrease was driven by lower revenues in the Western and Eastern Hemisphere segments and, to a lesser extent, Telecoms Systems Integration (TSI), which decreased $3.4 million, or 11.3%, $1.8 million, or 4.4%, and $0.4 million, or 3.7%, respectively. The decrease in revenue is primarily due to decreased U.S. Land activity in the Western Hemisphere segment and, to a lesser extent, offshore sites served and decreased revenue-per-site from offshore drilling rigs across the Eastern and Western Hemisphere segments amid a backdrop of lower oil prices, decreased oil and gas activity and reduced offshore and onshore drilling budgets. The decrease in sites served is primarily due to 23 offshore drilling rigs we previously served last year being cold-stacked or scrapped partially offset by new sales wins. The decreased revenue-per-site from offshore drilling rigs is primarily due to decreased multi-tenancy ratios from operators on offshore drilling rigs. As rigs that we serve increasingly hot-stack (when a rig is taken out of service but is ready to mobilize on short notice) due to the current economic environment, we lose revenue as the operator generally leaves the rig.

Cost of Revenue. Costs decreased by $5.9 million, or 13.0%, to $39.7 million for the three months ended June 30, 2015 from $45.7 million for the three months ended June 30, 2014. Cost of revenue decreased primarily in the Western Hemisphere due to cost savings associated with the resource reallocation plan announced on February 19, 2015 coupled with decreased costs from separate cost savings initiatives focused on reducing third party spend.

Gross Profit (excluding depreciation and amortization) increased by $0.4 million, or 1.1%, to $35.4 million for the three months ended June 30, 2015 from $35.0 million for the three months ended June 30, 2014. Gross Profit (excluding depreciation and amortization) as a percentage of revenue, or Gross Profit Margin, increased to 47.1% for the three months ended June 30, 2015 compared to 43.4% for the three months ended June 30, 2014. The increased Gross Profit (excluding depreciation and amortization) and Gross Profit Margin percentage is primarily attributable to cost savings in the Western Hemisphere implemented through the resource reallocation plan announced on February 19, 2015 coupled with decreased costs from separate cost savings initiatives focused on reducing third party spend. The effect of managing these cost cuts allowed us to serve our customers at higher margin.

Depreciation and Amortization. Depreciation and amortization expense increased by $0.9 million to $8.2 million for the three months ended June 30, 2015 from $7.3 million for the three months ended June 30, 2014. This increase is primarily attributable to additions to property, plant and equipment and intangibles from capital expenditures.

Selling and Marketing. Selling and marketing expense decreased by $0.1 million to $1.7 million for the three months ended June 30, 2015 from $1.8 million for the three months ended June 30, 2014.

General and Administrative. General and administrative expenses increased by $0.2 million to $16.4 million for the three months ended June 30, 2015 from $16.2 million for the three months ended June 30, 2014. General and administrative costs increased primarily due to an initiative to defend and expand our market share partially offset by savings associated with the resource reallocation plan announced on February 19, 2015.

Income Tax Expense. Our effective income tax rate was 30.1% and 37.4% for the three months ended June 30, 2015 and 2014, respectively. Our effective tax rate is affected by factors including changes in valuation allowances, fluctuations in income across jurisdictions with varying tax rates, and changes in income tax reserves, including related penalties and interest.

Six Months Ended June 30, 2015 and 2014

Revenue. Revenue decreased by $2.9 million, or 1.9%, to $152.8 million for the six months ended June 30, 2015 from $155.7 million for the six months ended June 30, 2014. This decrease was driven primarily by decreased Telecoms Systems Integration (TSI) segment revenue of $5.5 million, or 20.7%, due to decreased demand for our TSI service in an environment of lower oil and gas prices, decreased global oil and gas drilling activity and reduced offshore and onshore drilling budgets. Also contributing to the decrease was the Eastern Hemisphere segment which decreased $0.8 million, or 1.0%. These decreases were partially offset by increased revenue of $3.3 million, or 6.5%, from the Western Hemisphere.

Cost of Revenue. Costs decreased by $8.5 million, or 9.2%, to $83.7 million for the six months ended June 30, 2015 from $92.2 million for the six months ended June 30, 2014. Excluding $2.0 million of restructuring charges related to a resource reallocation plan announced on February 19, 2015, cost of revenue would have been $81.7 million. Cost of revenue decreased in all segments primarily due to declining TSI segment costs associated with decreased demand for TSI services, and cost savings associated with the resource reallocation plan announced on February 19, 2015 coupled with decreased costs from separate cost savings initiatives focused on reducing third party spend.

Gross Profit (excluding depreciation and amortization) increased by $5.6 million, or 8.8%, to $69.1 million for the six months ended June 30, 2015 from $63.5 million for the six months ended June 30, 2014. Gross Profit (excluding depreciation and amortization) as a percentage of revenue increased to 45.2% for the six months ended June 30, 2015 compared to 40.8% for the six months ended June 30, 2014. Excluding $2.0 million of restructuring charges related to the resource reallocation plan announced on February 19, 2015, Gross Profit (excluding depreciation and amortization) and Gross Profit (excluding depreciation and amortization) as a percentage of revenue for the six months ended June 30, 2015 would have been $71.1 million and 46.5%, respectively. The increased Gross Profit (excluding depreciation and amortization) and Gross Profit Margin percentage is primarily attributable to declining TSI segment costs associated with decreased demand for TSI services, and cost savings associated with the resource reallocation plan announced on February 19, 2015 coupled with decreased costs from separate cost savings initiatives focused on reducing third party spend. The effect of managing these cost cuts allowed us to serve our customers at higher margin.

Depreciation and Amortization. Depreciation and amortization expense increased by $2.2 million to $16.3 million for the six months ended June 30, 2015 from $14.1 million for the six months ended June 30, 2014. This increase is primarily attributable to additions to property, plant and equipment and intangibles from capital expenditures.

Selling and Marketing. Selling and marketing expense increased by $0.2 million to $3.5 million for the six months ended June 30, 2015 from $3.3 million for the six months ended June 30, 2014.

General and Administrative. General and administrative expenses increased by $6.7 million to $37.7 million for the six months ended June 30, 2015 from $31.0 million for the six months ended June 30, 2014. Excluding $4.2 million of restructuring charges related to the resource reallocation plan announced on February 19, 2015, general and administrative expenses would have been $33.5 million for the six months ended June 30, 2015. Excluding the restructuring charges, general and administrative costs increased primarily due to an initiative to defend and expand our market share coupled with the acquisition of Inmarsat's Enterprise Energy business unit on January 31, 2014 partially offset by savings associated with the resource reallocation plan announced on February 19, 2015

Income Tax Expense. Our effective income tax rate was 48.9% and 45.2% for the six months ended June 30, 2015 and 2014, respectively. Our effective tax rate is affected by factors including changes in valuation allowances, fluctuations in income across jurisdictions with varying tax rates, and changes in income tax reserves, including related penalties and interest.

Liquidity and Capital Resources

At June 30, 2015, we had working capital of $114.8 million, including cash and cash equivalents of $61.5 million, current restricted cash of $0.8 million, accounts receivable of $71.1 million, costs in excess of billings of $18.4 million and other current assets of $7.3 million, partially offset by $12.8 million in accounts payable, $14.4 million in accrued expenses, $8.4 million in current maturities of long-term debt, $3.6 million in tax related liabilities and $5.1 million in deferred revenue.

Over the past three years, annual capital expenditures have grown from $21.9 million to $40.2 million due to continued increase of offshore drilling sites served. Based on our current expectations, we believe our liquidity and capital resources will be sufficient for the conduct of our business and operations for the foreseeable future. We may also use a portion of our available cash to finance growth through the acquisition of, or investment in, businesses, products, services or technologies complementary to our current business.

During the next twelve months, we expect our principal sources of liquidity to be cash flows from operating activities, cash and cash equivalents and availability under our credit facility. In forecasting our cash flows we have considered factors including contracted services related to long-term deepwater drilling programs, U.S. land rig count trends, projected oil and natural gas prices, and contracted and available satellite bandwidth.

While we believe we have sufficient liquidity and capital resources to meet our current operating requirements and expansion plans, we may elect to pursue additional expansion opportunities within the next year which could require additional financing, either debt or equity.

Beyond the next twelve months, we expect our principal sources of liquidity to be cash flows provided by operating activities, cash and cash equivalents on hand, availability under our credit facility and additional financing activities we may pursue, which may include debt or equity offerings.

	Six Months Ended June 30,	
	2015	2014
	(in thousands)	
Condensed Consolidated Statements of Cash Flows Data:		
Cash and cash equivalents, January 1,	$ 66,576	$ 59,822
Net cash provided by operating activities	13,435	10,040
Net cash used in investing activities	(13,891)	(37,875)
Net cash provided by (used in) financing activities	(4,295)	27,572
Changes in foreign currency translation	(301)	1,448
Cash and cash equivalents, June 30,	$ 61,524	$ 61,007

Currently, the Australian dollar, the Norwegian kroner and the British pound sterling are the foreign currencies that could materially impact our liquidity. Our historical experience with exchange rates for these currencies has been relatively stable and, consequently, we do not typically hedge these risks, but evaluate these risks on a continual basis and may put financial instruments in place in the future if deemed necessary. During the six months ended June 30, 2015 and 2014, 85.8% and 75.5% of our revenue was denominated in U.S. dollars, respectively.

Operating Activities

Net cash provided by operating activities was $13.4 million for the six months ended June 30, 2015 compared to $10.0 million for the six months ended June 30, 2014. The increase in cash provided by operating activities during 2015 of $3.4 million was primarily due to the timing of paying our accounts payable coupled with the timing of collection of our accounts receivable partially offset by decreased net income and decreased accrued expenses.

Our cash provided by operations is subject to many variables, the most significant of which is the volatility of the oil and gas industry and, therefore, the demand for our services. Other factors impacting operating cash flows include the availability and cost of satellite bandwidth, as well as the timing of collecting our receivables. Our future cash flow from operations will depend on our ability to increase our contracted services through our sales and marketing efforts while leveraging the contracted satellite and other communication service costs.

Investing Activities

Net cash used in investing activities was $13.9 million and $37.9 million for the six months ended June 30, 2015 and 2014, respectively.

Net cash used in investing activities during the six months ended June 30, 2015 and 2014 includes capital expenditures of $14.3 million and $15.8 million, respectively. We expect capital expenditures for 2015 to be slightly lower than the previous year due to declining global oil and gas drilling activity. We believe our 2015 capital expenditures will primarily be focused on growth opportunities arising from new build high specification deepwater drilling rigs and, to a lesser extent, our Enterprise Resource Planning (ERP) system.

Net cash used during the six months ended June 30, 2014 includes cash paid for the acquisition of Inmarsat's Enterprise Energy business unit, totaling $23.3 million.

Financing Activities

Net cash used in financing activities was $4.3 million compared to cash provided by financing activities of $27.6 million for the six months ended June 30, 2015 and 2014, respectively. Cash used in financing activities for the six months ended June 30, 2015 and 2014 include $4.3 million and $4.3 million in principal payments on our long-term debt, respectively.

Cash provided by financing activities for the six months ended June 30, 2014 consisted primarily of $30.0 million in draws on our credit facility, which was used, along with cash on hand, to finance our acquisition of Inmarsat's Enterprise Energy business unit.

Credit Agreement

The Company has a $60.0 million term loan (Term Loan) and a $125.0 million revolving credit facility, which includes a $15 million sublimit for the issuance of standby letters of credit.

The Term Loan bears an interest rate of LIBOR plus a margin ranging from 1.5% to 2.5%, based on a ratio of funded debt to Adjusted EBITDA, a non-GAAP financial measure defined in the credit agreement. Interest is payable monthly along with quarterly principal installments of $2.1 million, with the balance due October 2018. The weighted average interest rate for the three months ended June 30, 2015 and 2014 was 2.0% and 2.1%, respectively. The weighted average interest rate for the six months ended June 30, 2015 and 2014 was 2.0% and 2.0%, respectively, with an interest rate of 1.9% at June 30, 2015. The Term Loan is secured by substantially all the assets of the Company. As of June 30, 2015, the outstanding principal balance of the Term Loan was $47.2 million.

Our credit agreement imposes certain restrictions including our ability to obtain additional debt financing and on our payment of cash dividends. It also requires us to maintain certain financial covenants such as a funded debt to Adjusted EBITDA ratio of less than or equal to 3.0 to 1.0 and a fixed charge coverage ratio of not less than 1.25 to 1.0. At June 30, 2015, we believe we were in compliance with all covenants.

The revolving credit facility matures in October 2018 with any outstanding borrowings then payable. Borrowings under the revolving credit facility carry an interest rate of LIBOR plus an applicable margin ranging from 1.5% to 2.5%, which varies as a function of the Company's leverage ratio. As of June 30, 2015, $35.0 million in draws have been made on the facility and remain outstanding. The weighted average interest rate for the three months ended June 30, 2015 and 2014 was 2.0% and 2.1%, respectively. The weighted average interest rate for the six months ended June 30, 2015 and 2014 was 1.9% and 2.0%, respectively, with an interest rate of 1.9% at June 30, 2015.

Off-Balance Sheet Arrangements

We do not engage in any off-balance sheet arrangements.

Regulatory Matter

In 2013, our internal compliance program detected potential violations of U.S. sanctions by one of our foreign subsidiaries in connection with certain of our customers' rigs that were moved into the territorial waters of countries sanctioned by the United States. We estimate that we received total revenue of approximately $0.1 million during the period related to the potential violations. These countries are subject to a number of economic regulations, including sanctions administered by OFAC, and comprehensive restrictions on the export and re-export of U.S.-origin items to these countries administered by BIS. Our customers that are not based in the U.S. are not subject to the same restrictions on operating in these countries as we are, but we are prohibited from providing services or facilitating the provision of services to their rigs in transit to or while operating in a sanctioned country.

Failure to comply with applicable laws and regulations relating to sanctions and export restrictions may subject us to criminal sanctions and civil remedies, including fines, denial of export privileges, injunctions or seizures of our assets. We have voluntarily self-reported the potential violations to OFAC and BIS and retained outside counsel who conducted an investigation of the matter and submitted a report to OFAC and BIS. We continue to cooperate with these agencies with respect to resolution of the matter.

We incurred legal expenses of $0.1 million and zero for the six months ended June 30, 2015 and 2014, respectively, relating to this investigation. We may continue to incur significant legal fees and related expenses, and the investigations may involve management time in the future in order to cooperate with OFAC and BIS. We cannot predict the ultimate outcome of the investigation, the total costs to be incurred in completing the investigation, the potential impact on personnel, the effect of implementing any further measures that may be necessary to ensure full compliance with applicable laws or to what extent, if at all, we could be subject to fines, sanctions or other penalties.

Non-GAAP Measures

The non-GAAP financial measures, Gross Profit (excluding depreciation and amortization), Adjusted EBITDA, Unlevered Free Cash Flow, Cash Earnings and Cash EPS may not be comparable to similarly titled measures used by other companies. Therefore, these non-GAAP measures should be considered in conjunction with net income and other performance measures prepared in accordance with GAAP, such as gross profit, operating income or net cash provided by operating activities. Further, Gross Profit (excluding depreciation and amortization), Adjusted EBITDA, Unlevered Free Cash Flow, Cash Earnings and Cash EPS should not be considered in isolation or as a substitute for GAAP measures such as net income, gross profit, operating income or any other GAAP measure of liquidity or financial performance. Our Gross Profit (excluding depreciation and amortization), Adjusted EBITDA, Unlevered Free Cash Flow, Cash Earnings and Cash EPS may not be comparable to similarly titled measures of other companies because other companies may not calculate Gross Profit (excluding depreciation and amortization), Adjusted EBITDA, Unlevered Free Cash Flow, Cash Earnings, Cash EPS or similarly titled measures in the same manner as we do. We prepare Gross Profit (excluding depreciation and amortization), Adjusted EBITDA, Unlevered Free Cash Flow, Cash Earnings and Cash EPS to eliminate the impact of items that we do not consider indicative of our core operating performance. We encourage you to evaluate these adjustments and the reasons we consider them appropriate.

The following table presents a reconciliation of our gross profit under GAAP to Gross Profit (excluding depreciation and amortization).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(in thousands)			
Gross profit	$27,508	$28,073	$53,486	$50,127
Depreciation and amortization related to cost of revenue	7,862	6,927	15,601	13,395
Gross Profit (excluding depreciation and amortization)	$35,370	$35,000	$69,087	$63,522

GAAP defines gross profit as revenue less cost of revenue, and includes in cost of revenue depreciation and amortization expenses related to revenue-generating long-lived and intangible assets. We define Gross Profit (excluding depreciation and amortization) as revenue less cost of revenue (excluding depreciation and amortization). This measure differs from the GAAP definition of gross profit as we do not include the impact of depreciation and amortization expenses related to revenue-generating long-lived and intangible assets which represent non-cash expenses. We believe this measure is useful to investors because management uses it to evaluate operating margins and the effectiveness of cost management.

We define Adjusted EBITDA as net income plus interest expense, income tax expense, depreciation and amortization, impairment of goodwill, foreign exchange impact of intercompany financing activities, (gain) loss on retirement of property, plant and equipment, change in fair value of derivatives, stock-based compensation, IPO or merger/acquisition costs and related bonuses, restructuring charges and non-recurring items. Adjusted EBITDA is a financial measure that is not calculated in accordance with GAAP.

We believe Adjusted EBITDA is useful to investors in evaluating our operating performance for the following reasons:

- Investors and securities analysts use Adjusted EBITDA as a supplemental measure to evaluate the overall operating performance of companies, and we understand our investor and analyst's presentations include Adjusted EBITDA;
- By comparing our Adjusted EBITDA in different periods, our investors may evaluate our operating results without the additional variations caused by items that we do not consider indicative of our core operating performance and which are not necessarily comparable from year to year; and
- Adjusted EBITDA is an integral component of the financial ratio covenants of our credit agreement.

Our management uses Adjusted EBITDA:

- To indicate profit contribution;
- For planning purposes, including the preparation of our annual operating budget and as a key element of annual incentive programs;
- To allocate resources to enhance the financial performance of our business; and
- In communications with our Board of Directors concerning our financial performance.

Although Adjusted EBITDA is frequently used by investors and securities analysts in their evaluations of companies, Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results of operations as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or other contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect interest expense;
- Adjusted EBITDA does not reflect cash requirements for income taxes;
- Adjusted EBITDA does not reflect the stock based compensation component of employee compensation;
- Although depreciation and amortization are non-cash charges, the assets being depreciated or amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for these replacements; and
- Other companies in our industry may calculate Adjusted EBITDA or similarly titled measures differently than we do, limiting its usefulness as a comparative measure.

We define Unlevered Free Cash Flow as Adjusted EBITDA less capital expenditures. We believe Unlevered Free Cash Flow is useful to investors in evaluating our operating performance for the following reasons:

- Investors and securities analysts use Unlevered Free Cash Flow as a supplemental measure to evaluate the overall operating performance of companies, and we understand our investor and analyst's presentations include Unlevered Free Cash Flow; and
- By comparing our Unlevered Free Cash Flow in different periods, our investors may evaluate our operating results without the additional variations caused by items that we do not consider indicative of our core operating performance and which are not necessarily comparable from year to year.

Although Unlevered Free Cash Flow is frequently used by investors and securities analysts in their evaluations of companies, Unlevered Free Cash Flow has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results of operations as reported under GAAP. Some of these limitations are:

- Unlevered Free Cash Flow does not reflect changes in, or cash requirements for, our working capital needs;
- Unlevered Free Cash Flow does not reflect interest expense;
- Unlevered Free Cash Flow does not reflect cash requirements for income taxes;
- Unlevered Free Cash Flow does not reflect the stock based compensation component of employee compensation; and
- Other companies in our industry may calculate Unlevered Free Cash Flow or similarly titled measures differently than we do, limiting its usefulness as a comparative measure.

We define Cash Earnings as net income plus depreciation and amortization, impairment of goodwill, foreign exchange impact of intercompany financing activities, (gain) loss on retirement of property and equipment, change in fair value of derivatives, stock-based compensation, IPO or merger/acquisition costs and related bonuses, restructuring charges and non-recurring items. We define Cash EPS as Cash Earnings divided by diluted shares. Cash Earnings and Cash EPS are financial measures that are not calculated in accordance with GAAP.

We believe Cash Earnings and Cash EPS are useful to investors in evaluating our operating performance for the following reasons:

- Investors and securities analysts use Cash Earnings and Cash EPS as supplemental measures to evaluate the overall operating performance of companies, and we understand our investor and analyst's presentations include Cash Earnings and Cash EPS; and
- By comparing our Cash Earnings and Cash EPS in different periods, our investors may evaluate our operating results without the additional variations caused by items that we do not consider indicative of our core operating performance and which are not necessarily comparable from year to year.

Although Cash Earnings and Cash EPS are frequently used by investors and securities analysts in their evaluations of companies, Cash Earnings and Cash EPS have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results of operations as reported under GAAP. Some of these limitations are:

- Cash Earnings and Cash EPS do not reflect our cash expenditures or future requirements for capital expenditures or other contractual commitments;
- Cash Earnings and Cash EPS do not reflect changes in, or cash requirements for, our working capital needs;
- Cash Earnings and Cash EPS do not reflect the stock based compensation component of employee compensation;
- Although depreciation and amortization are non-cash charges, the assets being depreciated or amortized will often have to be replaced in the future, and Cash Earnings and Cash EPS do not reflect any cash requirements for these replacements; and
- Other companies in our industry may calculate Cash Earnings and Cash EPS or similarly titled measures differently than we do, limiting their usefulness as comparative measures.

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The following table presents a reconciliation of our net income to Adjusted EBITDA, Unlevered Free Cash Flow, Cash Earnings and Cash EPS.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(in thousands)			
Net income	$ 6,120	$ 5,748	$ 5,178	$ 8,056
Interest expense	508	565	1,019	1,046
Depreciation and amortization	8,211	7,280	16,307	14,077
Gain on sales of property, plant and equipment, net of retirements	(1)	(10)	(13)	(83)
Stock-based compensation	1,033	1,195	1,982	2,343
Restructuring costs	—	—	6,198	—
Acquisition costs	—	590	—	2,922
Income tax expense	2,635	3,438	4,949	6,653
Adjusted EBITDA (non-GAAP measure)	$18,506	$18,806	$35,620	$35,014
Interest expense	(508)	(565)	(1,019)	(1,046)
Income tax expense	(2,635)	(3,438)	(4,949)	(6,653)
Cash Earnings (non-GAAP measure)	$15,363	$14,803	$29,652	$27,315
Diluted Shares	17,893	18,108	17,857	18,029
Cash EPS (non-GAAP measure)	$ 0.86	$ 0.82	$ 1.66	$ 1.52
Adjusted EBITDA (non-GAAP measure)	$18,506	$18,806	$35,620	$35,014
Capital expenditures	8,083	11,572	16,156	21,224
Unlevered Free Cash Flow (non-GAAP measure)	$10,423	$ 7,234	$19,464	$13,790

We evaluate Adjusted EBITDA, Unlevered Free Cash Flow, Cash Earnings and Cash EPS generated from our operations and operating segments to assess the potential recovery of historical capital expenditures, determine timing and investment levels for growth opportunities, extend commitments of satellite bandwidth cost to expand our offshore production platform and vessel market share, invest in new products and services, expand or open new offices, service centers and SOIL nodes, and assist purchasing synergies.

Adjusted EBITDA decreased by $0.3 million to $18.5 million for the three months ended June 30, 2015, from $18.8 million for the three months ended June 30, 2014. The decrease resulted from decreased revenue partially offset by cost savings from the resource reallocation plan and separate cost savings initiatives focused on reducing third party spend. Adjusted EBITDA increased by $0.6 million to $35.6 million for the six months ended June 30, 2015, from $35.0 million for the six months ended June 30, 2014. The increase resulted from cost savings from the resource reallocation plan and separate cost savings initiatives focused on reducing third party spend partially offset by decreased revenue.

Unlevered Free Cash Flow was $10.4 million in the quarter, an increase of $3.2 million, or 44.1%, over the prior year quarter. Unlevered free cash flow was $19.5 million for the six months ended June 30, 2015, an increase of $5.7 million, or 41.1%, over the prior year. These increases in Unlevered Free Cash Flow were due to a decline in capital expenditures during the three and six months ended June 30, 2015, as we execute on an increased capital discipline initiative.

Cash Earnings increased by $0.6 million, or $0.04 per diluted share, to $15.4 million, or $0.86 per diluted share, for the three months ended June 30, 2015, from $14.8 million, or $0.82 per diluted share, for the three months ended June 30, 2014. Cash Earnings increased by $2.3 million, or $0.14 per diluted share, to $29.7 million, or $1.66 per diluted share, for the six months ended June 30, 2015, from $27.3 million, or $1.52 per diluted share, for the six months ended June 30, 2014. These increases resulted from cost savings from the resource reallocation plan and separate cost savings initiatives focused on reducing third party spend partially offset by decreased revenue.

Item 3. ***Quantitative and Qualitative Disclosures about Market Risk***

We are subject to a variety of risks, including foreign currency exchange rate fluctuations relating to foreign operations and certain purchases from foreign vendors. In the normal course of business, we assess these risks and have established policies and procedures to manage our exposure to fluctuations in foreign currency values.

Our objective in managing our exposure to foreign currency exchange rate fluctuations is to reduce the impact of adverse fluctuations in earnings and cash flows associated with foreign currency exchange rates. We do not currently use foreign currency forward contracts to hedge our exposure on firm commitments denominated in foreign currencies, but evaluate this on a continual basis and may put financial instruments in place in the future if deemed necessary. During the six months ended June 30, 2015 and 2014, 14.2% and 24.5%, respectively of our revenues were earned in non-U.S. currencies. At June 30, 2015 and 2014, we had no significant outstanding foreign exchange contracts.

Our results of operations and cash flows are subject to fluctuations due to changes in interest rates primarily from our variable interest rate long-term debt. We do not currently use financial instruments to hedge these interest rate risk exposures, but evaluate this on a continual basis and may put financial instruments in place in the future if deemed necessary. The following analysis reflects the annual impacts of potential changes in our interest rate to net income attributable to us and our total stockholders' equity based on our outstanding long-term debt on June 30, 2015 and December 31, 2014, assuming those liabilities were outstanding for the previous twelve months:

	June 30, 2015	December 31, 2014
	(in thousands)	
Effect on Net Income and Equity - Increase/Decrease:		
1% Decrease/increase in rate	$ 819	$ 511
2% Decrease/increase in rate	$ 1,637	$ 1,022
3% Decrease/increase in rate	$ 2,456	$ 1,533

Item 4. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2015. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the Exchange Act), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2015, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) of the Exchange Act that occurred during the quarter ended June 30, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. *Legal Proceedings*

From time to time, we have been subject to various claims and legal actions in the ordinary course of our business. We are not currently involved in any legal proceeding the ultimate outcome of which, in our judgment based on information currently available, would have a material impact on our business, financial condition or results of operations.

Item 1A. *Risk Factors*

There have been no material changes from the risk factors disclosed in “Part I, Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2014.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

None

Item 3. *Defaults Upon Senior Securities*

None

Item 4. *Mine Safety Disclosures*

Not applicable.

Item 5. *Other Information*

None

Item 6. *Exhibits*

Table of Contents

INDEX TO EXHIBITS

2.1	Share Purchase Agreement between RigNet, Inc. and the shareholders of Nessco Group Holdings Ltd. dated July 5, 2012 (filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on July 5, 2012, and incorporated herein by reference)
3.1	Amended and Restated Certificate of Incorporation (filed as Exhibit 3.2 to the Registrant's Registration Statement on Form S-1 [File No. 333-169723], as amended, and incorporated herein by reference)
3.2	Amended and Restated Bylaws of the Registrant, as amended as of October 31, 2013 (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on November 6, 2013, and incorporated herein by reference)
4.1	Amended and Restated Registration Rights Agreement dated effective as of June 20, 2005 among the Registrant and the holders of our preferred stock party thereto (filed as Exhibit 4.2 to the Registrant's Registration Statement on Form S-1 [File No. 333-169723], as amended, and incorporated herein by reference)
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
10.1	Employment Agreement between the Registrant and Martin Jimmerson as amended July 1, 2015
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document
101.DEF	XBRL Definition Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RIGNET, INC.

Date: August 4, 2015

By: /s/ MARTIN L. JIMMERSON, JR.
Martin L. Jimmerson, Jr.
Chief Financial Officer (Principal Financial & Accounting Officer)

Exhibit 10.1

SECOND AMENDMENT
TO
EMPLOYMENT AGREEMENT

THIS SECOND AMENDMENT TO EMPLOYMENT AGREEMENT (this "***Amendment***") is adopted, executed and agreed to as of this 1st day of July, 2015 (the "***Effective Date***"), between RigNet, Inc. ("Company") and Marty Jimmerson ("Executive", and together with Company, the "Parties", and each a "Party").

WHEREAS, the Parties previously entered into that certain Employment Agreement dated March 14, 2012 and that certain First Amendment to Employment Agreement dated February 11, 2013 (collectively, including all exhibits and other attachments thereto, the "***Employment Agreement***"); and

WHEREAS, the Parties desire and deem it to be in their respective best interests to amend the Employment Agreement as set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, the Parties covenant and agree to amend the Employment Agreement as follows:

ARTICLE I
AGREEMENT

Subject to the rights of early termination set forth in Section 7, Executive agrees to remain employed by the Company as full-time Chief Financial Officer or as an employee until a new Chief Financial Officer is hired and then provide transition support for up to 30 days thereafter, subject to an ultimate end date of December 31, 2015.

ARTICLE II
AMENDMENTS TO EMPLOYMENT AGREEMENT

The Employment Agreement is hereby amended by:

(1) Changing the notice period in the first sentence of Section 7 from "30" days to "60" days.

(2) Deleting Section 8(c)(ii) in its entirety and substituting in lieu thereof the paragraph as follows:

> "Good Reason. "Good Reason" means the Executive has remained employed by the Company through the earlier of: (i) a date set by the Chief Executive Officer at his or her discretion; or (ii) December 31, 2015."

(3) Deleting the first two sentences of Section 22 in their entirety and substituting in lieu thereof the following:

"Executive agrees that, as a condition to receiving Severance Pay, Executive shall execute a general release in the form attached as Exhibit I to this Amendment (the "Release") and the seven day revocation period provided for therein shall have expired unexercised no later than February 1, 2016."

(4) Deleting the text set forth opposite of "Term:" on Exhibit A to the Agreement and substituting in lieu thereof the sentence as follows:

"Subject to the rights of early termination set forth in Section 7, the earlier of: (i) a date set by the Chief Executive Officer at his or her discretion; or (ii) December 31, 2015."

(5) Deleting the text set forth opposite of "Cash Severance Amount:" on Exhibit A to the Agreement and substituting in lieu thereof the sentence as follows:

"$1,000,000.00" This Cash Severance Amount shall be deemed incentive compensation for the purposes of the RigNet Clawback Policy in effect as of the Effective Date and if there is a restatement of the Company's financial results (other than a restatement caused by a change in applicable accounting rules or interpretations) for a period prior to the termination of the Agreement, the Executive shall promptly repay to the Company the $1,000,000.00.

ARTICLE III
TRANSITIONAL FINANCIAL REVIEW

For a period beginning on the last day of Executive's employment, and ending on the filing by the Company of its Form 10-K for the year ended December 31, 2015, the Company and Executive will jointly schedule meetings with the following employees of the Company: Chief Accounting Officer, Vice President of Tax and the successor Chief Financial Officer for the purposes of reviewing and advising on financial reporting matters, including (i) the audit, (ii) internal controls, (iii) allowance for bad debt, (iv) goodwill, (v) tax positions (vi) accruals, and the contents of the Form 10-K to assure a smooth transition. In the event that the Executive identifies any material issues he will advise the Chief Executive Officer and Chairman of the Audit Committee. Any time expended by Executive in conducting these meetings shall be without additional charge to Company and shall be held by Executive in strict confidence.

ARTICLE IV
MISCELLANEOUS

This Amendment is executed in connection with, and is deemed to be a part of, the Employment Agreement. Except to the extent hereby modified, the Employment Agreement shall continue in full force and effect in accordance with the provisions thereof.

This Amendment will be governed by and construed in accordance with the laws of the State of Texas without regard to conflicts of law principles.

This Amendment may be executed by facsimile and in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each Party and delivered (including by facsimile, electronic communication in portable document format (.pdf) or similar transmission) to the other Parties.

[*Signatures to Follow*]

IN WITNESS WHEREOF, each of the undersigned has executed this Amendment as of the Effective Date.

RIGNET, INC.

By: /s/ Mark B. Slaughter
Name: Mark B. Slaughter
Title: Chief Executive Officer & President

Marty Jimmerson
Marty Jimmerson

EXHIBIT I

TO SECOND AMENDMENT

TO EMPLOYMENT AGREEMENT

[Attached following pages]

RELEASE OF CLAIMS AGREEMENT

This Release of Claims Agreement (this "**Agreement**") is entered into between RigNet, Inc. ("**Employer**") and Marty Jimmerson ("**Executive**") (Employer and Executive are collectively referred to herein as the "**Parties**") as of , 2015 (the "**Execution Date**").

This Agreement is executed in connection with the termination of Executive's Employment under that certain Employment Agreement between Employer and Executive dated March 14, 2012, as amended (the "**Employment Agreement**"). Executive's last day of employment with Employer is [DATE] (the "**Separation Date**"). After the Separation Date, Executive will not represent himself as being an Executive, officer, attorney, agent or representative of Employer for any purpose. Except as otherwise set forth in this Agreement and the Employment Agreement, the Separation Date will be the employment termination date for Executive for all purposes, meaning Executive will no longer be entitled to any further compensation, monies or other benefits from Employer, including coverage under any benefits plans or programs sponsored by Employer.

1. Return of Property. By the date of Executive's termination from Employer, Executive must return all company property, including identification cards or badges, access codes or devices, keys, laptops, computers, telephones, mobile phones, hand-held electronic devices, credit cards, electronically stored documents or files, physical files and any other Employer property in Executive's possession.

2. Executive Representations. In exchange for the severance consideration described in the Employment Agreement, which Executive acknowledges to be good and valuable consideration for his obligations hereunder, Executive hereby represents that he intends to irrevocably and unconditionally fully and forever release and discharge any and all claims he may have, have ever had or may in the future have against Employer arising out of or in any way related to his hire, benefits, employment or separation from employment with Employer. Executive specifically represents, warrants and confirms that: (a) he has no claims, complaints or actions of any kind filed against Employer with any court of law, or local, state or federal government or agency; (b) he has been properly paid for all hours worked for Employer, and that all commissions, bonuses and other compensation due to him has been paid, including his final payroll check for his salary and any other unpaid compensation through the Separation Date above, which will be paid on the next regularly scheduled payroll date. Any vested benefits under any of Employer's Executive benefit plans are excluded and shall be governed by the terms of the applicable plan document and award agreements. Executive specifically represents, warrants and confirms that he has not engaged in, and is not aware of, any unlawful conduct in relation to the business of Employer. If any of these statements are not true, Executive cannot sign this Agreement and must notify Employer immediately, in writing, of the statements that are not true. Such notice will not automatically disqualify Executive from receiving these benefits, but will require Employer review and consideration.

3. General Release and Waiver of Claims.

(a) In exchange for the consideration provided in this Agreement, Executive and his heirs, executors, representatives, agents, insurers, administrators, successors and assigns (collectively the "**Releasors**") irrevocably and unconditionally fully and forever waive, release and discharge Employer and all subsidiaries and affiliates of Employer (collectively, the "**Employer Group**") from any and all claims, demands, actions, causes of actions, obligations, judgments, rights, fees, damages, obligations, liabilities and expenses (inclusive of attorneys' fees) of any kind whatsoever, whether known or unknown, (collectively "**Claims**"), including, without limitation, any Claims under any federal, state, local or foreign law, that Releasors may have, have ever had or may in the future have arising out of, or in any way related to (i) Executive's hire, benefits, employment, termination or separation from employment with Employer Group and (ii) any actual or alleged act, omission, transaction, practice, conduct, occurrence or other matter that existed or arose on or before, and including, the date of his execution of this Agreement, including, but not limited to (A) any claims under Title VII of the Civil Rights Act, as amended, the Americans with Disabilities Act, as amended, the Equal Pay Act, as amended, Employee Retirement Income Security Act, as amended (with respect to unvested benefits), the Civil Rights Act of 1991, as amended, Section 1981 of U.S.C. Title 42, the Sarbanes-Oxley Act of 2002, as amended, the Worker Adjustment and Retraining Notification Act, as amended, the Older Workers' Benefit Protection Act, the Fair Labor Standards Act, the National Labor Relations Act, the Fair Credit Reporting Act, the Texas Commission on Human Rights Act, the Texas Workers' Compensation Act, any claims arising under the Texas Labor Code that may be legally waived and released including the Texas Payday Act, the Texas Anti-Retaliation Act, Chapter 21 of the Texas Labor Code, the Texas Whistleblower Act and amendments to those laws as well as any claims under local statutes and ordinances that may be legally waived and released, and/or any other Federal, state or local law (statutory, regulatory or otherwise) that may be legally waived and released governing Executive's employment with Employer Group or Executive's rights, or Employer Group's obligations, in connection with any of the foregoing; and (B) any tort and/or contract and quasi-contract claims, including, but not limited to, any claims of tortious interference with contract, claims for promissory estoppel or detrimental reliance, claims for wages, bonuses, incentive compensation and severance allowances or entitlements, wrongful discharge, all claims for fraud, slander, libel, defamation, disparagement, intentional infliction of emotional distress, invasion of privacy, non-physical injury, personal injury or sickness or any other harm; negligence, compensatory or punitive damages, or any other claim for damages or injury of any kind whatsoever, and all claims for monetary recovery, including, without limitation, attorneys' fees, experts' fees, medical fees or expenses, costs and

disbursements. However, this general release of claims excludes and Executive does not waive, release or discharge any (1) right to file an administrative charge or complaint with the Equal Employment Opportunity Commission, the Texas Workforce Commission Civil Rights Division, or other administrative agency, although Executive waives any right to monetary relief related to such a charge; (II) claims under state workers' compensation or unemployment laws; or (III) indemnification rights Executive has against Employer Group, and/or any other claims that cannot be waived by law.

(b) In further consideration of the payments and benefits provided to Executive in this Agreement, the Releasors hereby irrevocably and unconditionally fully and forever waive, release and discharge Employer Group from any and all Claims, whether known or unknown, from the beginning of time to the date of Executive's execution of this Agreement arising under the Age Discrimination in Employment Act ("**ADEA**"), as amended, and its implementing regulations.

4. Knowing and Voluntary Acknowledgement. By signing this Agreement, Executive hereby acknowledges and confirms that: (i) Executive has read this Agreement in its entirety and understands all of its terms; (ii) Executive has been advised of and has availed himself of his right to consult with his attorney prior to executing this Agreement; (iii) Executive knowingly, freely and voluntarily assents to all of the terms and conditions set out in this Agreement including, without limitation, the waiver, release and covenants contained herein; (iv) Executive is executing this Agreement, including the waiver and release, in exchange for good and valuable consideration in addition to anything of value to which he is otherwise entitled; (v) **Executive was given at least 21 days to consider the terms of this Agreement and consult with an attorney of his choice, although he may sign it sooner if desired;** (vi) **Executive understands that he has seven days from the date he signs this Agreement to revoke the release in this paragraph by delivering notice of revocation in accordance with Section 17 below before the end of such seven-day period;** (vii) Executive understands that the release contained in this Section 3 does not apply to rights and claims that may arise after the date on which Executive signs this Agreement; and (viii) Executive understands that the waiver and release in this Agreement is being requested in connection with the cessation of his employment with Employer Group. **This Agreement shall not become effective, until the eighth day after Executive and Employer execute this Agreement**. Such date shall be the Effective Date of this Agreement. No payments due to Executive hereunder shall be made or begin before the Effective Date. In the event of revocation by Executive as described in clause (vii) above, the Employer shall have the option of treating this Agreement as null and void in its entirety.

5. Confidentiality. Executive agrees and covenants that he shall not disclose any of the terms of or amount paid under this Agreement or the Employment Agreement or the negotiation hereof and thereof to any individual or entity; provided, however, that Executive will not be prohibited from making disclosures to his attorney, tax advisors and/or immediate family members, or as may be required by law.

6. Remedies. In the event of a breach or threatened breach by Executive of any of the provisions of this Agreement, Executive hereby consents and agrees that Employer shall be entitled to seek, in addition to other available remedies, a temporary or permanent injunction or other equitable relief against such breach or threatened breach from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall be in addition to, not in lieu of, legal remedies, monetary damages or other available forms of relief.

Should Executive fail to abide by any of the terms of this Agreement or post-termination obligations contained herein, or if he revokes the ADEA release contained in Section 3(b) within the seven-day revocation period described in Section 4, Employer may, in addition to any other remedies it may have, reclaim any amounts paid to Executive under the provisions of this Agreement or terminate any benefits or payments that are later due under this Agreement, without waiving the releases provided herein.

7. Successors and Assigns.

(a) Assignment by Employer.

To the extent permitted by state law, Employer may assign this Agreement to any subsidiary or corporate affiliate, or to any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of Employer. This Agreement shall inure to the benefit of Employer and permitted successors and assigns.

(b) No Assignment by Executive.

Executive may not assign this Agreement or any part hereof, it being understood that this Agreement is personal to Executive. Any purported assignment by Executive shall be null and void from the initial date of purported assignment.

8. Arbitration. Any dispute about the validity, interpretation, effect or alleged violation of this Agreement (an “arbitrable dispute”) must be submitted to confidential arbitration in Houston, Texas. Arbitration shall take place before an experienced employment arbitrator licensed to practice law in such state and selected in accordance with the Model Employment Arbitration Procedures of the American Arbitration Association. Arbitration shall be the exclusive remedy of any arbitrable dispute. Employer shall bear all fees, costs and expenses of arbitration, including those of Executive unless the arbitrator finds that Executive has acted in bad faith and provides otherwise with respect to the fees, costs and expenses of Executive; provided, however, in no event shall Executive be chargeable with the fees, costs and expenses of Employer or the arbitrator. Should any Party to this Agreement pursue any arbitrable dispute by any

method other than arbitration, the other Party shall be entitled to recover from the Party initiating the use of such method all damages, costs, expenses and attorneys' fees incurred as a result of the use of such method. Notwithstanding anything herein to the contrary, nothing in this Agreement shall purport to waive or in any way limit the right of any Party to seek to enforce any judgment or decision on an arbitrable dispute in a court of competent jurisdiction. Each Party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts in Houston, Texas, for the purposes of any proceeding arising out of this Agreement.

This agreement to arbitrate is freely negotiated between Executive and Employer and is mutually entered into between the Parties. Both Parties fully understand and agree that they are giving up certain rights otherwise afforded to them by civil court actions, including but not limited to the right to a jury trial.

9. Governing Law: Jurisdiction and Venue. This Agreement, for all purposes, shall be construed in accordance with the laws of Texas without regard to conflicts-of-law principles. Any action or proceeding by either of the Parties to enforce this Agreement shall be brought only in any state or federal court located in Houston, Texas. The Parties hereby irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

10. Entire Agreement. Unless specifically provided herein, this Agreement and the Employment Agreement contain all the understandings and representations between Executive and Employer pertaining to the subject matter hereof and supersede all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter. The Parties mutually agree that this Agreement and the Employment Agreement can be specifically enforced in court and can be cited as evidence in legal proceedings alleging breach of this Agreement or the Employment Agreement.

11. Modification and Waiver. No provision of this Agreement may be amended or modified unless such amendment or modification is agreed to in writing and signed by Executive and Employer. No waiver by either of the Parties of any breach by the other party hereto of any condition or provision of this Agreement to be performed by the other party hereto shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time, nor shall the failure of or delay by either of the Parties in exercising any right, power or privilege hereunder operate as a waiver thereof to preclude any other or further exercise thereof or the exercise of any other such right, power or privilege.

12. Severability. Should any provision of this Agreement be held by a court of competent jurisdiction to be enforceable only if modified, or if any portion of this Agreement shall be held as unenforceable and thus stricken, such holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding upon the Parties with any such modification to become a part hereof and treated as though originally set forth in this Agreement.

The Parties further agree that any such court is expressly authorized to modify any such unenforceable provision of this Agreement in lieu of severing such unenforceable provision from this Agreement in its entirety, whether by rewriting the offending provision, deleting any or all of the offending provision, adding additional language to this Agreement or by making such other modifications as it deems warranted to carry out the intent and agreement of the Parties as embodied herein to the maximum extent permitted by law.

The Parties expressly agree that this Agreement as so modified by the court shall be binding upon and enforceable against each of them. In any event, should one or more of the provisions of this Agreement be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof, and if such provision or provisions are not modified as provided above, this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had not been set forth herein.

13. Captions. Captions and headings of the sections and paragraphs of this Agreement are intended solely for convenience and no provision of this Agreement is to be construed by reference to the caption or heading of any section or paragraph.

14. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

15. Nonadmission. Nothing in this Agreement shall be construed as an admission of wrongdoing or liability on the part of Employer.

16. Notices. Notices and all other communications shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States registered or certified mail. Notices to Employer shall be sent to 1880 South Dairy Ashford, Suite 300, Houston, Texas 77077 attention: General Counsel. Notices and communications to Executive shall be sent to the address Executive most recently provided to Employer.

17. Section 409A. This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (Section 409A) or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to

be made under this Agreement upon a termination of employment shall only be made upon a "separation from service" under Section 409A. Notwithstanding the foregoing, Employer makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall Employer be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Executive on account of non-compliance with Section 409A.

18. Acknowledgment of Full Understanding. EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE HAS FULLY READ, UNDERSTANDS AND VOLUNTARILY ENTERS INTO THIS AGREEMENT. EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF HIS CHOICE BEFORE SIGNING THIS AGREEMENT. EXECUTIVE FURTHER ACKNOWLEDGES THAT HIS SIGNATURE BELOW IS AN AGREEMENT TO RELEASE EMPLOYER FROM ANY AND ALL CLAIMS.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Execution Date above.

RIGNET, INC.

By: ______________________________

Name:

Title:

Signature: ______________________________

Marty Jimmerson

FIRST AMENDMENT
TO
EMPLOYMENT AGREEMENT

This First Amendment ("Amendment") to the Employment Agreement of February 20, 2012 (the "Employment Agreement"), by and between Mark B. Slaughter ("Executive") and RigNet, Inc. ("Corporation"), is made and entered into as of the date indicated below. All capitalized terms used in this Amendment and not otherwise defined in this Amendment shall have the meanings given to them in the Employment Agreement.

WHEREAS, Corporation and the Executive previously entered into the Employment Agreement; and

WHEREAS, Corporation and the Executive hereby desire to amend the Employment Agreement to eliminate the Executive's right to receive a tax gross-up payment with respect to taxes imposed pursuant to Section 4999 of the Internal Revenue Code of 1986, as amended, in the manner set forth below.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Corporation and the Executive hereby agree as follows:

AGREEMENT

A. Amendment to Exhibit A to the Employment Agreement. Exhibit A to the Employment Agreement is hereby revised to delete the provision described as "Parachute Tax Gross-Up" in its entirety.

B. Miscellaneous Provisions of this Amendment.

Complete Amendment. This Amendment contains all of the agreements of the parties hereto with respect to the matters contained herein, and no prior agreement, arrangement or understanding pertaining to any such matters shall be effective for any purpose. Nothing in this Amendment shall be deemed to waive or modify any of the provisions of the Employment Agreement, except as expressly stated herein; provided, however, that all provisions of the Employment Agreement inconsistent with the modifications made by this Amendment shall also be deemed to be amended to conform hereto. From and after the date of this Amendment, all references to the Employment Agreement shall be deemed to be references to the Employment Agreement as amended hereby. Except as hereby amended, the Employment Agreement shall remain unmodified and, as hereby amended, is ratified and reaffirmed.

Counterparts. This document may be executed in any number of counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument. A copy transmitted via facsimile of this Amendment, bearing the signature of one or both parties shall be deemed to be of the same legal force and effect as an original of this Amendment bearing such
signature(s) as originally written of such one or more parties.

IN WITNESS WHEREOF, this Amendment is entered into by the Corporation and the Executive as of this day of February, 2013.

RigNet, Inc.

/s/ Marty Jimmerson
Marty Jimmerson, CFO
This 2.11.13, 2013

"Executive"

/s/ Mark B. Slaughter
Mark B. Slaughter
This 2.11.13, 2013

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement"), including the attached Exhibits A and B, which are made a part hereof for all purposes, between RigNet, Inc. ("Company") and Marty Jimmerson ("Executive") is effective as of March 14, 2012, ("Effective Date"). The Company and Executive agree as follows:

1. TERM AND POSITION: The Company agrees to employ Executive, and Executive agrees to be employed by the Company, in the Positions and for the Term stated on Exhibit A. During the Term of this Agreement, Executive shall devote his full time and undivided attention during business hours to the business and affairs of the Company, except for vacations, illness or incapacity; however, nothing in this Agreement shall preclude Executive from: (i) engaging in charitable and community activities, and (ii) managing his personal investments, provided that such activities in subparts (i) and (ii) do not materially interfere with the performance of his duties and responsibilities under this Agreement. The Board of Directors of the Company ("Board") shall give Executive written notice of any such activities that it reasonably believes materially interfere with the performance of his duties hereunder and provide Executive with a reasonable period of time to correct such interference.

2. COMPENSATION: While Executive serves in the Positions set forth on Exhibit A, Executive's annual base salary, as set forth on Exhibit A, shall be paid in accordance with the Company's standard payroll practices for its executive officers. Executive's compensation as an employee of the Company shall also include annual bonus opportunities and periodic long-term incentive awards, in cash and/or in Company stock, as determined appropriate from time to time by the Compensation Committee of the Board or the Board itself, and pursuant to the terms and conditions set forth in applicable plan documents.

3. BENEFITS: Executive shall be allowed to participate in all compensation and benefit plans and receive all perquisites that the Company makes available to its other similarly situated senior executives and also to participate in those employee benefit plans and programs that the Company makes available to the Company's employees in general, subject to the terms and conditions of applicable plan documents. Nothing in this Agreement is to be construed to obligate the Company to institute, maintain, or refrain from changing, amending, or discontinuing any benefit program or plan, so long as such actions are similarly applicable to the covered executives or employees, as applicable.

4. INDEMNIFICATION: In any situation where under applicable law the Company has the power to indemnify, advance expenses to, and defend Executive in respect of, any claims, judgments, fines, settlements, loss, cost or expense (including attorneys' fees) of any nature related to or arising out of Executive's activities as an agent, employee, officer or director of the Company or in any other capacity in which he is acting or serving on behalf of or at the request of the Company (a "Claim"), the Company shall fully indemnify Executive to the maximum extent permitted by law and promptly on written request from Executive advance expenses (including attorneys' fees) to Executive and defend Executive to the fullest extent permitted by law, unless Executive has been grossly negligent or willfully engaged in misconduct in the performance or nonperformance of his duties that is the basis for such Claim, which nonperformance shall include a failure of Executive to inform the Board of matters that could reasonably be expected, at such time, to be materially injurious financially to the Company. Further, Executive shall not be entitled to any indemnity or defense from the Company for any claims brought by Executive against the Company or for claims brought by the Company against Executive. This contractual indemnification of Executive by the Company hereunder shall not be deemed or construed as operating to impair any other obligation of the Company respecting Executive's indemnification or defense otherwise arising out of this or any other agreement or promise or obligation of the Company under any statute, articles of incorporation, by-laws or otherwise.

5. D&O INSURANCE: The Company will obtain and maintain throughout the Term officer and director liability insurance covering Executive in an amount believed by the Board to be reasonable for the Company, given its size and activities, but in no event shall the coverage for Executive be less (in amount or scope) than the coverage provided for any other officer or director of the Company. Such insurance coverage shall continue as to Executive after he has ceased to be a director, officer or executive of the Company with respect to acts or omissions that occurred prior to such cessation. Insurance contemplated by this Section shall inure to the benefit of Executive, his heirs and the executors and administrators of his estate.

6. BUSINESS EXPENSES: The Company shall promptly pay all reasonable and properly documented business related expenses reasonably incurred by Executive in the performance of his duties under this Agreement.

7. TERMINATION OF EMPLOYMENT: The Company and Executive agree that either party may, upon at least 30 days written notice to the other, terminate Executive's employment; provided, however, that Executive's employment may be terminated by the Company for Cause only as provided below. Subject to Section 28, if applicable, as soon as practical, and not later than 30 days, following his termination date, the Company shall pay Executive (or, if applicable, Executive's estate within 90 days of Executive's death) (i) any earned but unpaid base salary, (ii) any accrued but unused vacation up to a maximum of four weeks, plus up to the maximum unused carry-over of vacation provided in the Company's written vacation policy then in effect, and (iii) all reasonable, properly documented, and unreimbursed business expenses incurred by him prior to his termination.

8. SEVERANCE PAY AND BENEFITS: In addition to the termination payments in Section 7, the Company shall provide severance payments to Executive as provided in this Section 8 and, to the extent applicable, Section 9 below.

(a) Termination without Cause or Resignation for Good Reason. If the Company terminates Executive's employment without Cause and other than for death or Disability, or Executive terminates his employment for Good Reason, the Company shall pay Executive a Cash Severance Amount and provide Executive with the severance benefits set forth in subparagraphs (i) through (v) below (collectively, the "Severance Pay"). The Severance Pay shall be subject to Section 22 and, to the extent applicable, Section 28.

(i) The Cash Severance Amount shall be the amount as provided in Exhibit A hereto. The Company shall pay the Cash Severance Amount to Executive in a lump sum by wire transfer on the first day of the seventh month following the termination date.

(ii) Provided Executive timely elects continued coverage under the Company's group health plan pursuant to Section 4980B of the Internal Revenue Code of 1986, as amended ("Code") ("COBRA"), the Company shall pay on Executive's behalf the full premium required for such continued coverage elected for his applicable COBRA period but not to exceed 18 months; provided, however, such COBRA premium shall be paid to Executive on a fully grossed-up after-tax basis, if necessary for Executive not to be subject to tax under Section 105 of the Code.

(iii) An amount equal to the annual bonus that would have been paid to Executive had he remained employed through the end of the calendar year in which his employment terminates, to be calculated based on the level of achievement of the Company's financial targets under the Company's Management Incentive Program (or any successor to such plan) ("MIP") at the end of the calendar year, provided that (i) any such determination shall be made without application of any modifier that is based on individual performance, and (ii) such bonus amount achieved, if any, shall be prorated based on a fraction, the numerator of which is the number of days of Executive's employment during the applicable calendar year and the denominator of which is 365. This prorated amount shall be paid during the immediately following calendar year, and not later than, when the MIP participants are paid.

(iv) If applicable, an amount equal to the unpaid annual bonus for the preceding calendar year that would have been paid to Executive had he remained employed through the date of the bonus payments under the MIP for the prior calendar year, which payment shall be made without application of any modifier that is based on individual performance. This amount shall be paid in the calendar year in which his employment terminates, and not later than, when the MIP participants are paid.

(v) During the 12-month period following Executive's termination of employment, the Company shall provide Executive with outplacement services of Executive's choosing, the cost of which shall not exceed $20,000.

(b) Termination Due to Death, Disability, Voluntary Resignation or by the Company for Cause. If Executive's employment is terminated by the Company or Executive due to his Disability or by the Company for Cause, or Executive dies or voluntarily resigns his employment with the Company without Good Reason, then as soon as practical on or following his termination, the Company shall pay Executive or his estate, if applicable, the salary and benefits listed in Section 7 of this Agreement If Executive's termination is due to his death or Disability, in addition to the termination payments in Section 7, Executive or his estate, if applicable, shall be entitled to only that Severance Pay provided under Section 8(a)(iii) and (iv), subject to Section 22 and, to the extent applicable, Section 28. If Executive's employment is terminated by the Company for Cause or Executive voluntarily resigns from the Company without Good Reason, Executive shall not be entitled to Severance Pay.

(c) Definitions. The following are definitions of terms used in this and other sections of this Agreement.

(i) Cause. "Cause" means (i) Executive's plea of guilty or nolo contendre, or conviction of a felony or a misdemeanor involving moral turpitude; (ii) any act by Executive of fraud or dishonesty with respect to any aspect of the Company's business including, but not limited to, falsification of Company records; (iii) Executive's intentional and continued failure to perform his duties (other than by reason of an illness or a disability); (iv) intentional engagement in misconduct by Executive that is materially injurious to the Company (monetarily or otherwise); (v) Executive's breach of Sections 12 or 13 of this Agreement; (vi) commencement by Executive of employment with an unrelated employer; (vii) material violation by Executive of any Company written policies, including but not limited to any harassment and/or non-discrimination policies; (viii) Executive's gross negligence in the performance of Executive's duties; provided, however, Executive shall not be deemed to have been terminated for Cause under clauses (ii) through (viii) above unless the determination of whether Cause exists is made by a resolution duly adopted by the affirmative vote of not less than three-fourths of the entire membership of the Board (excluding Executive, if a member) at a meeting of the Board that was called for the purpose of considering such termination (after 15 days' notice to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before the Board and, if reasonably possible, to cure the breach that is the alleged basis for Cause) finding that, in the good faith opinion of the Board, Executive was guilty of conduct constituting Cause and specifying the particulars thereof in detail.

(ii) Good Reason. "Good Reason" means (i) a material adverse change in Executive's position, authority, duties or responsibilities, but not a change in reporting relationships, (ii) a reduction in Executive's base salary or the taking of any action by the Company that would materially diminish the annual bonus opportunities of Executive from those provided to Executive immediately prior to the Effective Date, (iii) the relocation of the Company's principal executive offices by more than 50 miles from where such offices are located on the Effective Date or Executive being based at any office other than the principal executive offices of the Company, except for travel reasonably required in the performance of Executive's duties and reasonably consistent with Executive's travel prior to the Effective Date, (iv) a material breach of this Agreement by the Company, or (v) the failure of a successor to the Company to assume the Agreement. Executive shall provide written notice of any such reduction, failure, change or breach upon which Executive intends to rely as the basis for a Good Reason resignation within 45 days of the occurrence of such reduction, failure, change or breach. The Company shall have 45 days following the receipt of such notice to remedy the condition constituting such reduction, change or breach and, if so remedied, any termination of Executive's employment hereunder on the basis of the circumstances described in such notice shall not be considered a Good Reason resignation. If the Company does not remedy the condition that has been the subject of a notice as described in this paragraph within 45 days of the Company's receipt of such notice, Executive must terminate his employment within 120 days following the occurrence of such condition in order for such termination to be considered for Good Reason for purposes of this Agreement.

(iii) Disability. "Disability" means Executive (i) is unable to perform substantially Executive's duties with the Company with or without reasonable accommodation as a result of any physical or mental impairment that is reasonably expected to last for a continuous period of not less than 12 months, as supported by a written opinion by a physician selected by Executive, and (ii) is receiving long-term disability benefits under the Company's insured long-term disability plan.

9. COMPANY EQUITY: The provisions of this Section 9 are in addition to any rights of Executive under Sections 7 and 8 and shall be deemed to be incorporated into each Company equity award agreement with Executive outstanding as of the Effective Date and shall control over any provision in such award agreement that is less favorable to Executive.

(a) If Executive terminates his employment for Good Reason or Executive's employment is terminated by the Company for any reason other than Cause and such termination occurs within two years on or after the "change of control event," as defined in the Treasury Regulations issued under Section 409A of the Code (a "Change of Control"), all Company stock options, restricted stock awards and any other Company equity-based awards of Executive automatically shall vest in full notwithstanding anything in any award agreement to the contrary and, as applicable, shall remain exercisable for the term specified in the applicable award agreement.

(b) If Executive's employment with the Company ceases due to death or Disability, all Company stock options, restricted stock awards and any other Company equity-based awards of Executive automatically shall vest in full notwithstanding anything in any award agreement to the contrary and, as applicable, shall remain exercisable for the term specified in the applicable award agreement.

(c) If any award of Company stock option, restricted stock or any other Company equity-based award of Executive is not assumed or continued by the Company's successor after a Change of Control, such award automatically shall vest and become exercisable and/or payable in full, as the case may be, on the date of the Change of Control.

10. NO OFFSET OR MITIGATION: Executive shall not be required to mitigate the amount of any payment or benefit provided for under this Agreement by seeking other employment or otherwise nor shall the amount of any payment or benefit provided for in this Agreement be reduced as the result of his employment by another employer or his self-employment, except that any welfare severance payments or welfare benefits that Executive is entitled to receive pursuant to a Company severance welfare benefit plan for employees in general shall reduce the amount of welfare severance payments and welfare benefits otherwise payable or to be provided to Executive under this Agreement, but only to the extent they are duplicative and such reduction complies with the requirements of Section 409A of the Code.

11. PROMISE TO PROVIDE CONFIDENTIAL INFORMATION AND TRADE SECRETS: In connection with his employment with the Company under this Agreement, the Company promises to provide Executive with valuable Confidential Information and Trade Secrets (defined below) regarding the Company and its clients and customers or other third parties, which is not generally known outside the Company and which gives the Company a competitive advantage. The Company also promises to provide Executive access to its clients and customers and to provide Executive the unique opportunity to develop business relationships with such clients and customers based on the Company's long-standing relationship, reputation and goodwill with these clients and customers. Executive acknowledges that receipt of, and continuing access to, this Confidential Information and Trade Secrets regarding the Company and its clients and customers, and access to the Company's clients and customers and the benefit of the Company's long-standing relationships, reputation and goodwill with its clients and customers allows Executive a unique opportunity and advantage in developing business relationships with these clients and customers which he would not have otherwise had.

12. CONFIDENTIALITY:

(a) NON-DISCLOSURE. Executive recognizes and agrees that he will have access to confidential information of a special or unique value concerning the Company ("Confidential Information"). Confidential Information refers to any information, not generally known in the Business, which was obtained from the Company and its affiliates, or which was learned, discovered, developed, conceived, originated or prepared by Executive in the scope of his employment. Executive also recognizes that a portion of the business of the Company is dependent on trade secrets ("Trade Secrets"). Confidential Information and Trade Secrets include, but are not limited to, any information, whether tangible or intangible and in whatever medium, relating directly or indirectly to any proposed or existing business systems, strategies and models, proposed acquisitions, joint ventures or other strategic transactions, pricing strategies, technical data or know-how, finances, research, development, clients, customers, prospective clients and customers, contractual relationships, markets, marketing or business plans, manufacturing, personnel, products, services, formulas, inventions, processes, formulations, extracts, techniques, equipment, methods, designs, and drawings or engineering concepts of the Company and its affiliates, whether created, produced, manufactured, discovered, licensed, utilized, under development or otherwise obtained by the Company and its affiliates through contractual or other relationships, as well as all information generated by the Company and its affiliates that contains, reflects, or is derived from such information, which contains or otherwise reflects or is generated from such information and any other information which is identified as confidential by the Company. Executive acknowledges and agrees that the Confidential Information and Trade Secrets the Company is providing Executive under this Agreement is new Confidential Information and Trade Secrets to which Executive did not have access or knowledge of prior to signing this Agreement. The protection of this new Confidential Information and Trade Secrets, as well as past Confidential Information and Trade Secrets that became known to Executive during employment with the Company up to the Effective Date, against unauthorized disclosure or use is of critical importance to the Company. Accordingly, Executive agrees that he will maintain in confidence and shall not disclose or use, either during or after the Term of this Agreement, any past or new Confidential Information and Trade Secrets belonging to the Company and its affiliates, whether or not in written form, except to the extent required to perform his duties on behalf of the Company.

(b) RETURN OF INFORMATION. All data, records and other written material prepared or compiled by Executive, furnished directly or indirectly to Executive by the Company or its affiliates, or to which Executive may have access while in the employ of the Company, shall be the sole and exclusive property of the Company, and none of such data, documents or other information, or copies thereof, shall be retained by Executive upon termination of Executive's employment. Executive shall deliver promptly to the Company at termination, or at any other time the Company may request, without retaining any copies, notes, or excerpts thereof, all memoranda, diaries, notes, records, plans, or other documents relating, directly or indirectly, to any Confidential Information and Trade Secrets made or compiled by, or delivered or made available to, or otherwise obtained by Executive.

(c) LEGAL OBLIGATION. In the event Executive is required by any court or legislative or administrative body (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigation demand or similar process) to disclose any Confidential Information and Trade Secrets, Executive shall provide the Company with prompt notice of such requirement in order to afford the Company an opportunity to seek an appropriate protective order. If the Company is unable to obtain or does not seek such protective order and Executive is, in the opinion of counsel, compelled to disclose such Confidential Information and Trade Secrets, disclosure of such information shall not be deemed to be a violation of this Agreement.

13. RESTRICTIVE COVENANTS: As consideration for the provision of, and as an agreement ancillary to receipt of, new Confidential Information and Trade Secrets to Executive and the other undertakings in this Agreement, and for the specific purpose of enforcing the provisions of Section 12 hereof, and as a means to protect the Company's goodwill, Executive hereby agrees to the following:

(a) NON-COMPETITION. To the maximum extent permitted by law, during the Term of this Agreement and for a period of eighteen (18) months after the termination of Executive's employment for any reason, Executive agrees that, without the prior written consent of the Company, Executive shall not directly or indirectly, within the Geographic Area, whether as an owner, employee, officer, director, investor, independent contractor, consultant, or otherwise, in any job function or capacity, participate or engage in the Business, or work for or provide services to any person, partnership, entity, business, association, or corporation engaged or involved in the Business within the Geographic Area. The Geographic Area means the states of Texas, Louisiana (within the parishes listed in Exhibit B), Colorado, Wyoming, or any other state in the United States or any other country worldwide in which the Company engages in Business on, or has engaged in Business within two years before, the date of Executive's termination from the Company. Business means providing Internet protocol-based voice, data and video networks and software application management services for offshore drilling companies, oil companies and oil-field service companies. Nothing in this Agreement prohibits Executive from owning a passive investment interest of less than 5% in a publicly traded company. Executive acknowledges that the foregoing non-competition covenant may restrict his ability to work for certain companies, but that he will receive sufficient monetary and other consideration from the Company hereunder to justify such restriction and that the restriction is reasonable. Executive acknowledges that he considers the restrictions contained in this Section 13 to be reasonable and necessary for providing consideration for his employment and for the purpose of preserving and protecting the valuable Confidential Information and Trade Secrets of the Company and its clients and customers, and the Company's goodwill, reputation, and relationships with its clients and customers.

(b) NON-SOLICITATION OF EMPLOYEES. During the Term of this Agreement and for a period of eighteen (18) months after the termination of Executive's employment for any reason, Executive shall not, for his own behalf or on behalf of any other person, partnership, entity, association, or corporation, (i) hire or seek to hire any employee of the Company, (ii) in any other manner attempt directly or indirectly to influence, induce, or encourage any such employee of the Company to leave such employment, or (iii) use or disclose to any person, partnership, entity, association, or corporation any information concerning the names, addresses, telephone numbers, e-mail addresses, or other personnel-related information regarding any such employees; provided, however, the foregoing shall not prohibit any general advertising.

(c) NON-SOLICITATION OF CUSTOMERS. During the Term of this Agreement and for a period of eighteen (18) months after the termination of Executive's employment with the Company for any reason, Executive shall not, for his own behalf or on behalf of any other person, partnership, entity, association, or corporation, solicit, transact, or attempt to transact Business with any person, firm or other entity who is or was a customer of the Company and with whom Executive (i) directly or indirectly managed, or had knowledge of, business by the Company, (ii) had contact or transacted business on behalf of the Company, or (iii) was involved in, or had knowledge of, the Company actively investigating with a view to conducting business or actively pursuing a plan to conduct business, since the Effective Date of this Agreement or two years prior to the termination of his employment with the Company, whichever is shorter. Executive acknowledges that this restriction is necessary in order for the Company to preserve and protect its legitimate proprietary interest in its goodwill, client and customer lists, and other Confidential Information and Trade Secrets; provided, however, the foregoing shall not prohibit any general advertising that is not directed at customers of the Company.

14. WORK PRODUCT: Executive shall promptly and fully disclose to the Company all Work Product which Executive conceives, creates or develops during his employment with the Company, whether conceived or developed during regular working hours or otherwise and whether on Company premises or otherwise. All such Work Product shall be the exclusive property of the Company. Executive shall: (i) assist the Company in obtaining appropriate legal protection (including patent, trademark, and copyright protection) for the rights of the Company with respect to such Work Product, and (ii) execute all documents and do all things necessary to (a) obtain such legal protection, and (b) vest the Company with full and exclusive title thereof. All Work Product shall be considered, to the maximum extent possible, work made for hire by the Company within the meaning of Title 17 of the United States Code. To the extent the Company does not own such Work Product as a work made for hire, Executive hereby assigns to the Company all rights to such Work Product. "Work Product" means designs, writings, programs, software, technical data, specifications, know-how, processes, methods, business confidential information, inventions, discoveries, and works as well as the patents, copyrights, and other intellectual property and proprietary rights therein, conceived, created or developed by Executive on behalf of the Company reasonably related to the Company's existing business, contemplated business, and reasonable expansions of such business. The term "works" means computer programs, software, writings, drawings, artwork and all works of authorship under the copyright laws of the United States.

15. SEVERABILITY AND REFORMATION: If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of Executive or the Company under this Agreement would not be materially and adversely affected thereby, such provision shall be fully severable, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom, and in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible, and the Company and Executive hereby request the court to whom disputes relating to this Agreement are submitted to reform the otherwise unenforceable provision in accordance with this Section 15.

16. WARRANTY AND INDEMNIFICATION: Executive warrants that he is not a party to any other restrictive agreement limiting his activities in his employment by the Company. Executive further warrants that at the time of the signing of this Agreement, Executive knows of no written or oral contract or of any other impediment that would inhibit or prohibit continued employment with the Company. Executive shall hold the Company harmless from any and all suits and claims arising out of any breach of such restrictive agreement or contracts.

17. NON-DISPARAGEMENT: The parties shall refrain, both during and after the Term, from publishing any oral or written statements about each other (including with respect to the Company, its affiliates, or any of their respective officers, employees, agents, or representatives) that are disparaging, slanderous, libelous, or defamatory.

18. NOTICES: Notices and all other communications shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States registered or certified mail. Notices to the Company shall be sent to 1880 South Dairy Ashford, Suite 300, Houston, Texas 77077 attention: General Counsel. Notices and communications to Executive shall be sent to the address Executive most recently provided to the Company.

19. NO WAIVER: No failure by either party at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Agreement shall be deemed a waiver of any provisions or conditions of this Agreement.

20. INJUNCTIVE RELIEF: Executive acknowledges that the breach of any of the covenants contained in Sections 12 and 13 will give rise to injury to the Company. Accordingly, Executive agrees that the Company shall be entitled to injunctive relief to prevent or cure breaches or threatened breaches of the provisions of this Agreement and to enforce specific performance of the terms and provisions hereof in any court of competent jurisdiction, in addition to any other legal or equitable remedies, which may be available. Executive further acknowledges and agrees that the enforcement of a remedy hereunder by way of injunction shall not prevent Executive from earning a reasonable livelihood. Executive further acknowledges and agrees that the covenants contained herein are necessary for the protection of the Company's legitimate business interests and are reasonable in scope and content. Nothing herein shall prevent either party from pursuing a legal and/or equitable action against the other party for any damages caused by such party's breach of this Agreement.

21. ARBITRATION: Any dispute about the validity, interpretation, effect or alleged violation of this Agreement (an "arbitrable dispute") must be submitted to confidential arbitration in Houston, Texas. Arbitration shall take place before an experienced employment arbitrator licensed to practice law in such state and selected in accordance with the Model Employment Arbitration Procedures of the American Arbitration Association. Arbitration shall be the exclusive remedy of any arbitrable dispute. The Company shall bear all fees, costs and expenses of arbitration, including those of Executive unless the arbitrator finds that Executive has acted in bad faith and provides otherwise with respect to the fees, costs and expenses of Executive; provided, however, in no event shall Executive be chargeable with the fees, costs and expenses of the Company or the arbitrator. Should any party to this Agreement pursue any arbitrable dispute by any method other than arbitration, the other party shall be entitled to recover from the party initiating the use of such method all damages, costs, expenses and attorneys' fees incurred as a result of the use of such method. Notwithstanding anything herein to the contrary, nothing in this Agreement shall purport to waive or in any way limit the right of any party to seek to enforce any judgment or decision on an arbitrable dispute in a court of competent jurisdiction. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts in Houston, Texas, for the purposes of any proceeding arising out of this Agreement. However, this arbitration agreement shall not apply to any claim: (i) for workers' compensation or unemployment benefits; or (ii) by Company for injunctive and/or other equitable relief for unfair competition and/or the use and/or unauthorized disclosure of Trade Secrets or Confidential Information, including but not limited to, matters described in Sections 12 and 13. With respect to matters referred to in the foregoing sub-paragraph (ii), the Company may seek and obtain injunctive relief in court, and then proceed with arbitration under this Agreement.

22. RELEASE AGREEMENT: Executive agrees that, as a condition to receiving the Severance Pay, Executive shall execute a general release agreement in a form provided by the Company (the "Release"), which shall include, without limitation, a waiver and release of all claims arising out of Executive's service as an employee of the Company, its subsidiaries or any of their affiliates and the termination of such relationship. Such claims include all claims based on any federal, state or local statute, including without limitation the Age Discrimination in Employment Act of 1967, as amended, Title VII of the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1866, the Employee Retirement Income Security Act of 1974, as amended, but excluding all vested benefits and rights Executive has under any employee benefit plans, and the Texas Commission on Human Rights Act. The Company will deliver the Release to Executive within seven days following Executive's termination. In order for Executive to receive the Severance Pay, the Executive must deliver a properly executed copy of the Release within the particular time period specified therein, which shall be no later than 45 days following the delivery of the Release to Executive (such deadline, the "Release Deadline"), not revoke it, and any applicable revocation period set forth in the Release must have expired. Notwithstanding the foregoing, if Executive's termination is due to death, or Executive dies after his termination date and before the expiration of the Release Deadline without having executed the Release, the Release Deadline shall be extended to the 90th day after the date of Executive's death. The properly executed Release must actually be received by the Company, or its duly authorized representative, at the address specified by the Company by the Release Deadline to be considered timely. If Executive (or Executive's estate) does not properly execute the Release by the Release Deadline, or effectively revokes the executed Release within the applicable revocation period set forth in the Release, Executive (or Executive's estate) will receive only such compensation and benefits as are required by Section 7 and applicable law and will not be entitled to any Severance Pay.

23. GOVERNING LAW: This Agreement will be governed by and construed in accordance with the laws of the State of Texas without regard to conflicts of law principles.

24. SUCCESSORS:

(a) This Agreement is personal to Executive and without the prior written consent of the Company shall not be assignable by Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as defined in this Agreement and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law or otherwise.

25. ENTIRE AGREEMENT: This instrument contains the entire agreement of Executive and the Company with respect to the subject matter hereof and all promises, representations, understandings, arrangements, and prior and contemporaneous agreements (written or oral) between the parties with respect to the subject matter hereof, are terminated hereby, except that Executive's obligations contained in Sections 11 through 16 of Executive's August 15, 2007, Employment Agreement continue in effect.

26. SURVIVAL/SEVERABILITY/HEADINGS: It is the express intention and agreement of the parties that Sections 8 through 25, 27 and 28 of this Agreement shall survive the termination of the Term. In addition, all obligations of the Company to make payments under this Agreement shall survive any termination of this Agreement on the terms and conditions set forth in this Agreement. The invalidity or unenforceability of any one or more provisions of this Agreement shall not affect the validity or enforceability of the other provisions of this Agreement, which shall remain in full force and effect. Article and section headings contained in this Agreement are provided for convenience and reference only, and do not define or affect the meaning, construction, or scope of any of the provisions of this Agreement.

27. TAX WITHHOLDING: The Company shall be entitled to withhold from any compensatory payments that it makes to Executive under this Agreement or otherwise all taxes required by applicable law to be withheld therefrom by the Company.

28. SECTION 409A COMPLIANCE:

(a) General Suspension of Payments. If Executive is a "specified employee," as such term is defined within the meaning of Section 409A of the Code, any payments or benefits payable or provided as a result of Executive's termination of employment that would otherwise be paid or provided prior to the first day of the seventh month following such termination (other than due to death) shall instead be paid or provided on the earliest of (i) the first day of the seventh month following Executive's termination, (ii) the date of Executive's death, or (iii) any date that otherwise complies with Code Section 409A. In the event that Executive is entitled to receive payments during the suspension period provided under this Section, Executive shall receive the accumulated benefits that would have been paid or provided under this Agreement within the suspension period on the earliest day that would be permitted under Section 409A of the Code. In the event of any such delay in payment, the deferred amount shall be paid in a lump sum and shall bear interest at the LIBOR rate in effect on his termination date until paid.

(b) Release Payments. In the event that Executive is required to execute a release to receive any payments from the Company that constitute nonqualified deferred compensation under Section 409A of the Code and Executive's termination date and the Release Deadline (or the end of the revocation period, if any) fall in two separate calendar years, any payments required to be made to Executive (or Executive's estate) in the earlier year that are treated as nonqualified deferred compensation for purposes of Code Section 409A shall be deferred and paid in the later calendar year. Any payments which are delayed under this provision shall be paid to Executive in a lump sum not later than the date of the Company's first full payroll cycle after the Release Deadline (or the end of the revocation period, if any) and in any case not later than the end of the applicable month. Any payments that are deferred pursuant to this provision shall bear interest at the LIBOR rate in effect on his termination date until paid.

(c) Reimbursement Payments. The following rules shall apply to payments of any amounts under this Agreement that are treated as "reimbursement payments" under Section 409A of the Code: (i) the amount of expenses eligible for reimbursement in one calendar year shall not limit the available reimbursements for any other calendar year (other than an arrangement providing for the reimbursement of medical expenses referred to in Section 105(b) of the Code); (ii) Executive shall file a claim for all reimbursement payments not later than 30 days following the end of the calendar year during which the expenses were incurred; (iii) Company shall make such reimbursement payments within 30 days following the date Executive delivers written notice of the expenses to Company; and (iv) the Executive's right to such reimbursement payments shall not be subject to liquidation or exchange for any other payment or benefit.

(d) Separation from Service. For purposes of this Agreement, any reference to "termination" of Executive's employment shall be interpreted consistent with the meaning of the term "separation from service" in Section 409A(a)(2)(A)(i) of the Code and no portion of the Severance Payments shall be paid to Executive prior to the date Executive incurs a separation from service under Section 409A(a)(2)(A)(i).

(e) General. Notwithstanding any provisions of this Agreement relating to the timing of any benefits or payments, to the extent required to comply with applicable law, including Section 409A of the Code, or to prevent the imposition of any excise taxes or penalties on Company or Executive, the commencement of payment or provision of any payment or benefit shall be deferred to the minimum extent necessary so as to comply with any such law or to avoid the imposition of any such excise tax or penalty.

(f) Death. If Executive dies after his termination of employment but before all payments due under this Agreement have been made, such payments shall be made to Executive's estate.

29. LEGAL FEES: The Company shall reimburse Executive for his reasonable legal fees incurred in advising him with respect to review of this Agreement before signing.

IN WITNESS WHEREOF, the Company and Executive have executed this Agreement n multiple originals to be effective for all purposes as of the Effective Date.

RIGNET, INC.

/s/ Mark Slaughter
Mark Slaughter
This March 14, 2012

"EXECUTIVE"

/s/ Marty Jimmerson
Marty Jimmerson
This March 14, 2012

Exhibit A
to Employment Agreement
between RigNet, Inc.
and the Executive Named Below

Name:	Marty Jimmerson
Position:	Chief Financial Officer
Reporting:	Executive shall report to the Chief Executive Officer and to the Audit Committee of the Board.
Term:	The Term of the Agreement shall continue until the termination of Executive’s employment for any reason.
Annual Base Salary:	$250,000. Executive’s base salary may be increased from time to time, but as increased may not be thereafter decreased.
Annual Bonus:	Commencing on the first day of each calendar year of the Company (each calendar year being a “Bonus Period”), Executive shall participate in the Company’s annual bonus program (Management Incentive Program or “MIP”) for such Bonus Period, subject to the MIP’s terms. Executive’s target bonus potential for a Bonus Period shall not be less than 60% of his annual base salary. The Company shall pay Executive his bonus amount, if any, for a Bonus Period within four months of the end of such Bonus Period.
Equity Grants:	Executive shall be eligible to receive periodic equity grants under the terms of the Company’s long-term incentive plan with a value, to be determined in the sole discretion of the Company’s Board of Directors or its Compensation Committee, as applicable, ranging from 0% to 140% of Executive’s Annual Base Salary.
Cash Severance Amount:	One and one-half (1.5) times the sum of (i) the amount of Executive’s target bonus for the Bonus Period in which his termination date occurs and (ii) Executive’s then annual base salary.
Parachute Tax Gross-Up:	In the event it shall be determined that any payment to Executive, whether under this Agreement or otherwise, would be subject to the excise tax imposed by Section 4999 of the Code, or any interest or penalties are incurred by Executive with respect to such tax (such tax, together with any such interest and penalties, hereinafter collectively referred to as the “Excise Tax”), the Company shall pay Executive a “Gross-Up Payment” in an amount such that after payment by Executive of all taxes imposed upon the Gross-Up Payment, including, without limitation, any additional Excise Tax on the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the initial Excise Tax. Such Gross-Up Payment shall be paid no later than the time Executive is required to pay the Excise Tax.

Exhibit B
to Employment Agreement
between RigNet, Inc.
and the Executive Named in Exhibit A

The following parishes in Louisiana are included in the Geographic Area applicable to the non-competition provision in Section 13(a).

Acadia

Allen

Ascension

Assumption

Avoyelles

Beauregard

Bienville

Bossier

Caddo

Calcasieu

Caldwell

Cameron

Catahoula

Claiborne

Concordia

DeSoto

East Baton Rouge

East Carroll

East Feliciana

Evangeline

Franklin

Grant

Iberia

Iberville

Jackson

Jefferson

Jefferson Davis

Lafayette

Lafourche

LaSalle
Lincoln
Livingston
Madison
Morehouse
Natchitoches
Orleans
Ouachita
Plaquemines
Pointe Coupee
Rapides
Red River
Richland
Sabine
St. Bernard
St. Charles
St. Helena
St. James
St. John
St. Landry
St. Martin
St. Mary
St. Tammany
Tangipahoa
Tensas
Terrebonne
Union
Vermilion
Vernon
Washington
Webster
West Baton Rouge
West Carroll
West Feliciana
Winn

Exhibit 31.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF RIGNET, INC.
PURSUANT TO 15 U.S.C. SECTION 7241, AS ADOPTED
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Mark Slaughter, certify that:

a. I have reviewed this Quarterly Report on Form 10-Q of RigNet, Inc. (the "Registrant");

b. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

c. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

d. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c. evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

e. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 4, 2015

By: /s/ MARK SLAUGHTER
Mark Slaughter
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF RIGNET, INC.
PURSUANT TO 15 U.S.C. SECTION 7241, AS ADOPTED
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Martin Jimmerson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of RigNet, Inc. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c. evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 4, 2015

By: /s/ MARTIN JIMMERSON
Martin Jimmerson
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF RIGNET, INC.
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report on Form 10-Q for the period ended June 30, 2015 filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark Slaughter, Chief Executive Officer of RigNet, Inc. (the "Company"), hereby certify, to my knowledge, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2015

/s/ MARK SLAUGHTER
Mark Slaughter
Chief Executive Officer and President

Exhibit 32.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF RIGNET, INC.
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report on Form 10-Q for the period ended June 30, 2015 filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Martin Jimmerson, Chief Financial Officer of RigNet, Inc. (the “Company”), hereby certify, to my knowledge, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2015

/s/ MARTIN JIMMERSON
Martin Jimmerson
Chief Financial Officer