Gol Intelligent Airlines Inc.
Form 6-K
January 15, 2010

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE
SECURITIES EXCHANGE ACT OF 1934

For the month of January, 2010

(Commission File No. 001-32221) ,

GOL LINHAS AÉREAS INTELIGENTES S.A.
(Exact name of registrant as specified in its charter)

GOL INTELLIGENT AIRLINES INC.
(Translation of Registrant's name into English)

R. Tamoios, 246
Jd. Aeroporto
04630-000 São Paulo, São Paulo
Federative Republic of Brazil
(Address of Regristrant's principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ___X___ Form 40-F ______

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ______ No ___X___

If "Yes" is marked, indicated below the file number assigned to the registrant in connection with Rule 12g3-2(b):

GOL Completes Nine Years of Operations

Throughout 2009, the company increased its presence abroad through code-share agreements, expanded the SMILES, Gollog and Voe Fácil programs and implemented several innovations in the Brazilian market

São Paulo, January 15, 2010 GOL Linhas Aéreas Inteligentes S.A. (BM&FBOVESPA: GOLL4 and NYSE: GOL), Latin America s largest low-cost and low-fare airline, completes nine years of regular commercial aviation operations today. During this period, the company increased its fleet from six to 109 operational aircraft and continued to popularize Brazilian air travel, revolutionizing the market by introducing fares capable of competing with the bus companies, attracting more first-time passengers and members of Brazil s new middle-class.

Today, with its GOL and VARIG brands, the group offers the most extensive and convenient route network in South America with more than 800 flights per day to 59 destinations in 9 countries.

Certain decisions were vital for the company s immediate success: operating a modern and standardized fleet of Boeing 737 New Generation aircraft, utilizing the internet as the company smain sales channel (paperless tickets), focusing on innovation and technology to boost results and investing in a highly efficient and committed team to guarantee excellence in service quality.

We are proud to have transported more than 130 million passengers since the company was launched in 2001. Thanks to GOL, more people can travel by plane, the fastest, safest and most convenient transportation. We believe there are many more who have the conditions to fly but have not done so yet. In other words, we have a long growth trajectory ahead of us," declared Constantino de Oliveira Junior, CEO and co-founder of the company.

GOL s ninth year was marked by a series of innovations and achievements, including:

Buy on Board: in addition to regular services, clients can also buy various quality products on-board.

Revitalization of the SMILES program: Latin America s largest mileage program with 6.6 million participants. This year, the company announced partnerships with several important companies, including the franco-dutch Air France-KLM (Flying Blue), and the north-american American Airlines (AAdvantage), which has the highest number of flights to Brazil.

Code-share agreements: we closed new agreements with American Airlines, Air France- KLM, Iberia and Aeroméxico.

Regular flights to Aruba, in the Caribbean: in addition to this route, the company also offers charter flights to Curaçao and Punta Cana in association with tour operators and local governments.

Expansion of Voe Fácil: this program permits ticket payments in up to 36 installments and is now offered by travel agencies. The program launched its first Voe Fácil store in one of the biggest middle-class shopping region in São Paulo city.

Launch of Gollog: the company s cargo transportation service announced the launch of Gollog Express, which offers door-to-door cargo deliveries with previously established deadlines.

We are studying opportunities for further expanding our operations, launching flights in both the domestic market and high-traffic international centers, concluded Oliveira Junior.

To celebrate GOL s ninth anniversary, the Company s Documentation and History Center has launched a portal with detailed information on the company s history. The website (**www.voegol.com.br/memoria***) includes a detailed timeline, statistical data, information on awards granted to GOL, social responsibility and technological innovations launched by the company, as well as pictures of every aircraft operated by GOL and VARIG and a digitalized collection of on-board magazines.

** website available only in Portuguese.*

CONTACT:

Investor Relations
Leonardo Pereira *Executive VP*
Rodrigo Alves *Head of IR*
Raquel Kim *Investor Relations*
Mario Liao *Investor Relations*
Phone.: (55 11) 2128-4700
E-mail: ri@golnaweb.com.br
Website: www.voegol.com.br/ir
Twitter : www.twitter.com/GOLInvest

Corporate Communications
Phone.: (55 11) 2128-4413
E-mail: comcorp@golnaweb.com.br
Twitter : www.twitter.com/GOLcomunicacao

Media Relations
Edelman (U.S and Europe):
M. Smith and N. Dean
Phone.: 1 (212) 704-8196 / 704-4484
meaghan.smith@edelman.com or noelle.dean@edelman.com

About GOL Linhas Aéreas Inteligentes S.A

GOL Linhas Aéreas Inteligentes S.A. (NYSE: GOL and Bovespa: GOLL4), the largest low-cost and low-fare airline in Latin America, offers around 800 daily flights to 49 destinations that connect all the important cities in Brazil and ten major destinations in South America and Caribbean. The Company operates a young, modern fleet of Boeing 737 Next Generation aircraft, the safest and most comfortable of its class, with high aircraft utilization and efficiency levels. Fully committed to seeking innovative solutions through the use of cutting-edge technology, the Company - via its GOL, VARIG, GOLLOG, SMILES and VOE FÁCIL brands - offers its clients easy payment facilities, a wide range of complementary services and the best cost-benefit ratio in the market.

This release contains forward-looking statements relating to the prospects of the business, estimates for operating and financial results, and those related to growth prospects of GOL. These are merely projections and, as such, are based exclusively on the expectations of GOL s management concerning the future of the business and its continued access to capital to fund the Company s business plan. Such forward-looking statements depend, substantially, on changes in market conditions, government regulations, competitive pressures, the performance of the Brazilian economy and the industry, among other factors and risks disclosed in GOL s filed disclosure documents and are, therefore, subject to change without prior notice.

SIGNATURE

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.

Date:January 15, 2010

GOL LINHAS AÉREAS INTELIGENTES S.A.

By: /S/ Leonardo Porciúncula Gomes Pereira

Name: Leonardo Porciúncula Gomes Pereira
Title: Executive Vice-President and Chief Financial Officer

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates offuture economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will a ctually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

nbsp;
Exercise of stock options
20 5 5
Repurchase of common stock
(6,236) (4,046) (4,046)
Components of comprehensive loss:

Net loss
(35,949) (35,949) $(35,949)
Unrealized gains on available-for-sale investments
156 156 156

Total comprehensive loss
$(35,793)

Balance at December 31, 2001
85,625 92 144,164 (4,046) (60,087) 156 80,279
Shares transferred to ESS Technology, Inc
612
Exercise of stapled stock options
1,419 1 (1)
Exercise of stock options
69 1 19 20
Repurchase of common stock
(4,969) (5,117) (5,117)
Income tax benefit on disqualified disposition of stock options
(77) (77)
Components of comprehensive loss:

Net loss
(42,579) (42,579) $(42,579)
Unrealized losses on available-for-sale investments
(148) (148) (148)

Total comprehensive loss
$(42,727)

Balance at December 31, 2002
82,756 94 144,105 (9,163) (102,666) 8 32,378
Exercise of stapled stock options
701
Exercise of stock options
40 1 9 10
Repurchase of common stock
(759) (295) (295)
Components of comprehensive loss:

Net loss
(4,043) (4,043) $(4,043)
Unrealized gains on available-for-sale investments
3 3 3

Total comprehensive loss							$(4,040)
Balance at December 31, 2003	$ 82,738	$95	$144,114	$(9,458)	$(106,709)	$11	$28,053

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

Table of Contents

VIALTA, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 31,		
	2003	**2002**	**2001**
Cash flows from operating activities:			
Net loss	$ (4,043)	$(42,579)	$ (35,949)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	1,638	6,036	5,834
Amortization and impairment of content license fees		11,395	
Write-down of investments			1,083
Changes in assets and liabilities:			
Accounts receivables, net	(2,579)	(1,362)	
Related party receivables/payables, net	248	97	646
Inventories	(2,362)	(2,834)	2,057
Prepaid expense and other assets	540	1,672	1,335
Restricted cash deposit	(2,226)		
Deferred profit	767	3,115	115
Accounts payable and accrued liabilities	97	1,137	(122)
Net cash flows used in operating activities	(7,920)	(23,323)	(25,001)
Cash flows from investing activities:			
Purchase of short-term investments	(21,440)	(32,277)	(18,088)
Proceeds from sales of short-term investments	21,729	30,897	33,650
Purchase of content licenses		(10,053)	(1,342)
Acquisition of property and equipment	(191)	(170)	(2,686)
Net cash flows provided by (used in) investing activities:	98	(11,603)	11,534
Cash flows from financing activities:			
Proceeds from (repayment) of notes payable to related party			(30,000)
Issuance of common stock	10	20	21
Repurchase of common stock	(295)	(5,117)	(4,046)
Net cash flows used in financing activities:	(285)	(5,097)	(34,025)
Net increase (decrease) in cash and cash equivalents	(8,107)	(40,023)	(47,492)

Cash and cash equivalents, beginning of the period	21,863	61,886	109,378
Cash and cash equivalents, end of the period	$ 13,756	$ 21,863	$ 61,886
Supplemental disclosure of cash flow information:			
Unrealized gains (losses) on available-for-sale investments	$ 3	$ (148)	$ 156
Cash paid for interest	$	$	$ 194

The accompanying notes are an integral part of these financial statements.

29

VIALTA, INC.

Notes To Consolidated Financial Statements

Note 1 The Company

We develop, design and market consumer electronics products designed to maximize the advantages of digital technology in a convenient and easy-to-use manner. Our primary products are the Beamer personal videophone line and the VistaFrame digital picture frame. Our Beamer videophone products add color video to phone calls, enabling users to see the person they are calling. Since both parties to a video call must have a Beamer videophone product (or compatible videophone), our videophone products are primarily sold in pairs and are all compatible with each other. Our Beamer videophone products work with any home phone over any standard (analog) home phone line, at no additional cost to a regular phone call. Our Beamer videophone products include models that are standalone (such as our first videophone product known as Beamer) or connect through most televisions (the Beamer TV), and may include the ability to send and receive digital pictures (the Beamer FX), depending on the model. Beamer began nationwide retail distribution during the third quarter of 2002. Beamer videophone products are carried by such retailers as Best Buy, Fry s Electronics, The Good Guys, The Sharper Image and Cinmar (The Frontgate Catalog).

Our latest product, VistaFrame, is a digital picture frame that allows users to display photographs directly from a digital camera memory card or from VistaFrame s internal memory. VistaFrame is compatible with most standard card formats and does not require a camera or computer connection, special wiring or web based services to display digital photographs. With VistaFrame, consumers can view digital pictures individually or in a custom slideshow format with the user selecting the pictures, the display sequence, display interval and the transition effect. VistaFrame is currently available at retailers such as The Sharper Image, The Good Guys and Cinmar.

Since our inception, we have incurred substantial losses and negative cash flows from operations. We expect operating losses and negative cash flows from operations to continue for the foreseeable future and anticipate that losses may increase from current levels because of additional costs and expenses related to sales and marketing activities, continued expansion of operations, expansion of product offerings and development of relationships with other businesses. We believe that we have sufficient cash and cash equivalents, restricted cash and investments to fund our operations through December 31, 2004. However, in the longer term, failure to generate sufficient revenues, raise additional capital or reduce spending could have a material adverse effect on our ability to continue to operate our business.

From our inception through December 31, 2002, we were a development stage enterprise. During the first quarter of 2003, we commenced principal operations and are no longer classified as a development stage company.

Note 2 Summary of Significant Accounting Policies

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation

The consolidated financial statements include the accounts of Vialta, Inc. and our subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

Cash Equivalents and Investments

We consider all highly liquid investments with an initial maturity of 90 days or less to be cash equivalents. Cash equivalents primarily represent money market funds.

Investments are comprised primarily of debt instruments that have been classified as available-for-sale. Management determines the appropriate classification of securities at the time of purchase and re-evaluates the classification at each reporting date. Marketable equity and debt securities are carried at their fair market value based on quoted market prices as of the balance sheet date. Realized gains or losses are determined on the specific identification method and are reflected in income. Net unrealized gains or losses are recorded directly in stockholders equity except those unrealized losses that are deemed to be other than temporary, which are reflected in investment losses.

Investments with maturity dates of 90 days or more are classified as short-term investments since we have the ability to redeem them within the year.

Approximately $2.2 million of cash at December 31, 2003 is restricted as collateral for letters of credit to a contract manufacturer and raw materials supplier.

Fair Value of Financial Instruments

The reported amounts of certain of our financial instruments, including cash and cash equivalents, short and long-term investments, accounts receivable, and accounts payable approximated fair value due to their short maturities.

Inventories

Inventories are stated at the lower of cost or market, with cost being determined by the first-in, first-out method.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is generally computed using the straight-line method over the estimated useful lives of the assets.

Computer equipment	3-5 years
Furniture and fixtures	5 years
Software and web site development costs	1-3 years

Repairs and maintenance costs are expensed as incurred.

Long-Lived Assets

We review long-lived assets based upon an undiscounted cash flow basis and will record an impairment whenever events or changes in circumstances indicate the carrying amount of the assets may not be fully recoverable. If an asset is considered impaired, the asset is written down to carrying value based on undiscounted cash flows.

Comprehensive Income (Loss)

Comprehensive income (loss) is defined to include all changes in equity during a period from non-owner sources. For the year ended December 31, 2003, comprehensive loss approximated the net losses reported. The difference between net loss and comprehensive loss year ended December 31, 2002 was approximately $148,000, which related to unrealized losses on available-for-sale investments.

Revenue Recognition

We generally recognize revenue on products sold to end customers upon shipment provided that we have no post-sale obligations, we can reliably estimate and accrue warranty costs and sales returns, the price is fixed or determinable and collection of the resulting receivable is reasonably assured. For sales to international distributors and strategic partners we generally recognize revenue based on the above criteria and upon receipt of payment in full. For sales to end customers that do not meet the above criteria, revenue is deferred until such criteria are met.

Products sold to retailers and distributors are subject to rights of return. We defer recognition of revenue on products sold to retailers and distributors until the retailers and distributors sell the products to their customers. We recognize revenue from retailers and distributors according to information on shipments to their customers as provided by those retailers and distributors. If information on shipments to their customers is not provided in a timely and accurate manner, there may be a material impact on our

Table of Contents

reported results of operations and financial condition. Revenue is also deferred for the initial thirty-day period during which our direct customers, retailers and distributors have the unconditional right to return products.

Allowances for Sales Return

Allowances are provided for estimated returns. Provision for return allowances are recorded at the time when revenue is recognized based on historical returns, current economic trends and changes in customer demand. Such allowances are adjusted periodically to reflect actual experience and anticipated returns.

Warranty

We provide a limited warranty on our products for periods ranging from 90 days to 12 months from the date of sale to the end customers. We estimate warranty costs based on historical experience and accrue for estimated costs as a charge to cost of sales when revenue is recognized. The following table shows the details of the product warranty accrual, as required by FASB Interpretation No. 45, Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, for the year ended December 31, 2003 (in thousands):

	December 31, 2003
Beginning balance	$
Accruals for warranties issued during the period	814
Settlements made during the period	(330)
Ending balance	$ 484

Engineering and Development

Engineering and development costs are expensed as incurred.

Advertising Costs

Advertising production costs are expensed as incurred. Total advertising and promotional expenses were approximately $2.3 million and $430,000 for the years ended December 31, 2003 and 2002, respectively, and were not material for the year ended December 31, 2001.

Income Taxes

We account for income taxes under the asset and liability approach that requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of timing differences between the carrying amounts and the tax bases of assets and liabilities.

Foreign Currency Translation

The functional currencies of our foreign subsidiaries are the local currencies. Accordingly, all assets and liabilities of the foreign operations are translated to U.S. dollars at current period end exchange rates, and revenues and expenses are translated to U.S. dollars using average exchange rates in effect during the period. Currency transaction and translation gains and losses have not been significant.

Net Income (Loss) Per Share

Basic net income (loss) per share excludes dilution and is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Diluted net income per share reflects the potential dilution that would occur if securities or other contracts to issue common stock were exercised or converted into common stock.

Stock-Based Compensation

We account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion

Table of Contents

No. 25, or APB No. 25, Accounting for Stock Issued to Employees. Under APB No. 25, compensation cost is measured as the excess, if any, of the quoted market price of its stock at the date of grant over the exercise price of the option granted. Compensation cost for stock options, if any, is recognized ratably over the vesting period. We provide additional pro forma disclosures as required under SFAS No. 123, Accounting for Stock-Based Compensation and SFAS No. 148, Accounting for Stock-Based Compensation, Transition and Disclosure.

The following table illustrates the effect on our net loss and net loss per share if we had recorded compensation costs based on the estimated grant date fair value as defined by SFAS No. 123 for all granted stock-based awards (in thousands, except per share amounts).

	Years Ended December 31,		
	2003	**2002**	**2001**
Net loss, as reported	$(4,043)	$(42,579)	$(35,949)
Deduct: Stock-based employee compensation expense determined under fair value based method for all awards	(1,738)	(3,208)	(6,335)
Pro forma net loss	$(5,781)	$(45,787)	$(42,284)
Net loss per share basic and diluted:			
As reported	$ (0.05)	$ (0.51)	$ (0.83)
Pro forma	$ (0.07)	$ (0.55)	$ (0.98)

Reclassification

We have reclassified certain prior years information to conform to the current financial statement.

Recent Accounting Pronouncements

In November 2002, the Emerging Issues Task Force (EITF) reached a consensus on Issue No. 00-21, Accounting for Revenue Arrangements with Multiple Deliverables (EITF Issue No. 00-21). EITF Issue No. 00-21 provides guidance on how to account for arrangements that involve the delivery or performance of multiple products, services and/or rights to use assets. The provisions of EITF Issue No. 00-21 will apply to revenue arrangements entered into in fiscal periods beginning after June 15, 2003. Adoption of EITF Issue No. 00-21 did not have a material impact on our consolidated financial statements.

In January 2003, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 46 (FIN 46), Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51. FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. During December 2003, the FASB issued FIN 46R, a revision to FIN 46. FIN 46R provides a broad deferral of the latest date by which all public entities must apply FIN 46 to certain variable interest entities, to the first reporting period ending after March 15, 2004. We do not expect the adoption of FIN 46 to have a material impact upon our financial position, cash flows or results of operations.

In May 2003, the Financial Accounting Standard Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. SFAS No. 150 requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first fiscal period beginning after June 15, 2003. SFAS No. 150 is to be implemented by reporting the cumulative effect of a change in an accounting principle for financial instruments created before the issuance date of SFAS No. 150 and still existing at the beginning of the interim period of adoption. Restatement is not permitted. We believe that the adoption of this standard will not have a material impact on our consolidated financial statements.

Note 3 Risks and Uncertainties

Factors that could impact our future business, consolidated financial position, results of operations or cash flows and cause future results to differ from our expectations include the following: the ability to achieve revenues and profitability; the ability to raise additional capital; competition; pricing pressures; the dependence on a limited number of products and the need to develop new products and features; the success of our existing products and other consumer products we may develop; component supply shortages; potential conflicts with ESS Technology, Inc., our former parent; the success of current distribution and retail relationships and the ability to enter into additional distribution agreements; risks associated with the expansion of our business, including increased costs and the strain on management and other resources; the risk of product defects, system failures or interruptions; general economic, political and regulatory changes including in Asia; claims by third parties of intellectual property infringement; dependence on key management personnel and the need to attract and retain additional qualified personnel; risks associated with possible business acquisitions; regulatory changes that affect consumer electronics, telecommunications, copyrights or the internet; quarterly fluctuations in operating results; risks of class action lawsuits based on fluctuations in our stock price; seasonal trends; and risks identified in the our Annual Report on Form 10-K for the fiscal year ended December 31, 2003 and other filings with the Securities and Exchange Commission.

We operate in a single business segment that is characterized by rapid technological advances, changes in customer requirements and evolving industry standards. Any failure by us to anticipate or respond to changes in demand could have a material adverse effect on our business and operating results.

Certain of our products contain critical components supplied by a single or a limited number of third parties. We have been required to purchase and inventory certain of the components around which we design our products to ensure an available supply of products for our customers. Any significant shortage of critical components or the failure of the third party suppliers to maintain or enhance these products could materially adversely affect our results of operations.

Currently, we rely on two third party manufacturers for the manufacture of our products. Reliance on third-party manufacturers involves a number of risks, including the lack of control over the manufacturing process and the potential absence or unavailability of adequate capacity. If our third party manufacturers cannot or will not manufacture our products in required volumes, on a cost-effective basis, in a timely manner, or at all, we will have to secure additional manufacturing capacity. Even if the additional capacity is available at commercially acceptable terms, the qualification process could be lengthy and could cause interruptions in product shipments.

Three customers comprise 62% of our gross accounts receivable balance of $4.0 million at December 31, 2003. These customers represented between 11%, 17% and 34% of total accounts receivable.

Note 4 Revenue Recognition

Beamer Products

Revenue for the year ended December 31, 2003 was $10.3 million. There was no revenue for the year ended December 31, 2002. Included in net revenue for 2003 was approximately $7.1 million in domestic sales and approximately $3.2 million from international sales. In addition to revenue generated from our first videophone product, Beamer, we also recorded domestic net revenue during the fourth quarter of 2003 from sales activity related to our new products BeamerTV and VistaFrame. During the first quarter of 2003, we began to recognize revenue on sales of Beamer, net of estimated warranty claims and returns. We began nationwide distribution of Beamer during the third quarter of 2002 and experienced more significant shipments during the fourth quarter of 2002. For most of these shipments, the standard warranty period had not been completed as of December 31, 2002. Due to a limited history of warranty and sales returns for Beamer, we did not recognize revenue for sales through December 31, 2002. As a result, revenue for the year ended December 31, 2003, includes the recognition of deferred revenue of approximately $3.2 million related to shipments of Beamer, which were made during the third and fourth quarters of 2002.

Note 5 Content Licenses

During 2002 and 2001,we entered into licensing agreements with various entertainment content providers in connection with ViMagazine, a proprietary, encrypted, magazine-style DVD-format disk, which was designed to contain a wide variety of entertainment that could be used exclusively with ViDVD products. Starting in January 2002, we amortized prepaid content licenses based on the greater of the royalty amounts due or amortization on a straight-line basis over an estimated life of three years. In December 2002 we concluded that content licenses had suffered a permanent decline in value, as a result of our decision not to market ViMagazine, and the remaining unamortized balance was written down to zero. The total amortization and impairment charge on content licenses recognized by us during the year ended December 31, 2002 was $11.4 million.

Table of Contents

Note 6 Inventories

The following table summarizes the activity in inventories and reserves for the year ended December 31, 2003 (in thousands):

	Gross	Reserve	Net
As of December 31, 2001	$	$	$
Purchase of inventories	13,255	(10,421)	2,834
Shipments, net	(1,816)	1,816	
ViDVD parts transferred to Beamer inventory	835	(835)	
Use or disposal of inventories	(408)	408	
As of December 31, 2002	11,866	(9,032)	2,834
Purchase of inventories	5,369		5,369
Shipments, net	(7,361)	4,603	(2,758)
Use or disposal of inventories	(542)	293	(249)
As of December 31, 2003	$ 9,332	$ (4,136)	$ 5,196
Raw material	$ 5,825	$ (1,999)	$ 3,826
Finished goods	3,507	(2,137)	1,370
	$ 9,332	$ (4,136)	$ 5,196

Because a significant portion of our inventory expenditures for raw materials and finished goods for our Beamer videophone products were expensed in prior periods, the cost of goods sold related to revenue recognized during the year ended December 31, 2003 was lower than what would have been recorded had such inventory costs not been previously reserved. If we had not previously expensed inventory costs, our cost of goods sold for the year ended December 31, 2003 would have been approximately $7.8 million.

Inventories related to ViDVD products were fully reserved at December 31, 2002 as we did not have significant sales or gain market acceptance for these products. These inventories and related reserves were written off during the second quarter of 2003.

Note 7 Other Balance Sheet Components (in thousands):

	December 31, 2003	December 31, 2002
Cash and cash equivalents		
Cash and money market funds, at cost which approximates fair value	$13,756	$21,863
Restricted cash		
Cash restricted under letters of credit	$ 2,226	$
Short-term investments		
US Government debt securities	$ 3,480	$ 1,509
Corporate debt securities	7,072	9,329
	10,552	10,838
Due after one year	1,974	
Due within one year	$ 8,578	$10,838
Accounts receivable, net		
Accounts receivable	$ 4,004	$ 1,392
Less: Allowance for doubtful accounts	(63)	(30)
	$ 3,941	$ 1,362

35

Table of Contents

	December 31, 2003	December 31, 2002
Prepaid expenses and other		
Prepaid inventory	$	$ 429
Prepaid insurance	308	466
Other current assets	421	358
	$ 729	$ 1,253
Property and equipment, net		
Machinery and equipment	$ 5,918	$ 7,155
Furniture and fixtures	561	569
Software and web site development cost	5,323	5,173
	11,802	12,897
Less: Accumulated depreciation	(11,117)	(10,765)
	$ 685	$ 2,132
Accrued liabilities and other		
Accrued compensation costs	$ 1,241	$ 1,613
Customer deposits	764	893
Product return/warranty liability	484	
Accrued facility charges, related party	281	33
Accrued facility charges, non-related party		402
Other current liabilities	379	647
	$ 3,149	$ 3,588
Deferred profit		
Deferred revenue	$ 5,198	$ 3,230
Deferred costs	(1,201)	
Deferred profit	$ 3,997	$ 3,230

Note 8 Spin-Off and Recapitalization of Equity

Prior to August 21, 2001, we were a subsidiary of ESS Technology, Inc. (ESS). On July 24, 2001, we were re-capitalized, pursuant to which we separated our common stock into Class A common stock with 3.8 votes per share and Class B common stock with one vote per share. Upon exchange of 5,892,000 shares of common stock for Class B common stock, we issued 589,000 additional shares of Class B common stock to non-ESS common stockholders. Except for the voting power, Class A and Class B stockholders had the same rights. We authorized 30,000,000 shares of preferred stock and 400,000,000 shares of common stock, 100,000,000 shares of which are designated Class A common stock, 50,000,000 of which are designated Class B common stock and 250,000,000 of which are designated non-classified common stock.

As part of the August 21, 2001 spin-off transaction, all preferred stock owned by ESS converted to Class A common stock based on a conversion ratio of 1 to 1. All other preferred stock converted to Class B common stock at a ratio of 1 to 1.1. As a result, 91,000,000 shares of preferred stock were converted to 60,000,000 shares of Class A common stock and 34,100,000 shares of Class B common stock.

As part of the spin-off transaction, ESS returned approximately 9,840,000 shares of Class A common stock to us at no cost. These shares are reserved by us for issuance upon exercise of stapled options that were granted by us to ESS optionees as part of the spin-off transaction. In accordance with FIN No. 44, no compensation expense has been or will be recorded in conjunction with these stock option grants.

The table below summarizes the effect of the these conversions of common stock outstanding at December 31, 2001 (in thousands):

Table of Contents

Capital Stock		Preferred Shares	Conversion Ratio	Class A Common Stock	Class B Common Stock	Outstanding Total
Series A	ESS owned	40,000	1 to 1	40,000		40,000
Series B	ESS owned	20,000	1 to 1	20,000		20,000
Series B	third party owned	31,000	1.1 to 1		34,100	34,100
		91,000		60,000	34,100	94,100
Shares returned to Vialta by ESS, reserved for issuance upon exercise of stapled options				(9,840)		(9,840)
Additional shares transferred by ESS as part of the spin-off transaction				(612)		(612)
Issuance of common stock upon exchange of third party owned common stock for Class B common stock					589	589
Conversion of original common stock to Class A and Class B common stock				400	5,892	6,292
Total effect of re-capitalization and spin-off transaction on Class A and Class B common stock outstanding				49,948	40,581	90,529

In July 2002, each share of our outstanding Class A and Class B common stock converted into a single class of common stock in accordance with the provisions of our Articles of Incorporation. As a result of the above conversion, approximately 53,141,000 shares, including 10,169,000 of shares held by us as treasury stock, of issued Class A common stock and approximately 40,580,000 shares of issued Class B common stock were converted into approximately 93,721,000 shares of the non-classified common stock. Holders of the non-classified common stock are entitled to one vote per share on all matters.

In November 2002, we returned approximately 612,000 shares to ESS at no cost. These shares were originally returned by ESS to us as part of spin-off transaction in August 2001.

Note 9 Related Party Transactions

The following is a summary of major transactions between us and ESS Technology, Inc., which was our parent company prior to August 2001, for the periods presented (in thousands):

	Year Ended December 31,		
	2003	2002	2001
Net receivables (payables) at beginning of period	$ (33)	$ 64	$ 650
Charges by Vialta to ESS:			
Administrative & management service fees		223	98
Other	4	77	74
Charges by ESS to Vialta:			
Research and development service fees			(1,895)
Administrative & management service fees	(73)	(201)	(3,140)
Purchase of products	(412)	(1,403)	(1,127)
Building lease	(1,182)	(1,852)	(640)
Cash receipts from ESS	(4)	(424)	(700)
Cash payments made to ESS	1,419	3,483	6,744
Net receivables (payables) at end of period	$ (281)	$ (33)	$ 64

Note 10 Net Income (Loss) Per Share

Basic and diluted net loss per share is computed by dividing net loss by the weighted average number of common shares outstanding for the periods (in thousands, except per share amounts).

	Years Ended December 31,		
	2003	2002	2001
Net loss	$ (4,043)	$(42,579)	$(35,949)
Basic and diluted weighted average common shares outstanding	82,285	83,578	43,248
Basic and diluted net loss per share	$ (0.05)	$ (0.51)	$ (0.83)

Table of Contents

The following table sets forth potential shares of common stock that are not included in the diluted net loss per share calculation above because to do so would be anti-dilutive for the periods indicated (in thousands):

	Years Ended December 31,		
	2003	2002	2001
Effect of common stock equivalents:			
Options outstanding	12,149	11,255	13,107
Preferred stock outstanding			91,000
Total common stock equivalents excluded	12,149	11,255	104,107

The dilutive net loss per share calculation excludes the effect of the preferred stock outstanding through July 24, 2001, the date of the re-capitalization. Subsequent to this date, these stocks were included within the weighted basic shares outstanding calculation.

Note 11 Common Stock and Stock Options

Common Stock Repurchases

In September 2001, our Board of Directors authorized us to repurchase up to 10 million shares of our common stock in the open market. During fiscal 2001, we repurchased a total of 6,236,000 shares of common stock for an aggregate cost of $4.0 million.

In June 2002, the Board of Directors authorized an additional 10 million shares for repurchase. During fiscal 2002, we repurchased a total of 4,969,000 shares of common stock for an aggregate cost of $5.1 million. During fiscal 2003, we repurchased approximately 759,000 shares of common stock for an aggregate cost of approximately $295,000.

1999 Stock Incentive Plan

In August 1999, we adopted the 1999 stock incentive plan. Under the 1999 Plan, our incentive stock options may be granted to our employees, directors, non-employee directors and consultants. The aggregate number of shares reserved for awards under the 1999 Plan shall not exceed 10,000,000 shares. The exercise price of the 1999 Plan shall not be less than 100% of the fair market value (110% for 10 percent shareholders); the exercise price of a non-incentive stock option shall not be less than 85% of the fair market value (110% for 10 percent shareholders). Options shall generally vest over a four-year period.

2000 Directors Stock Option Plan

In February 2000, we adopted the 2000 Directors Stock Option Plan. Under the 2000 Director Plan, our nonqualified stock options may be granted to nonemployee members of the board of directors. The aggregate number of shares reserved for issuance is 300,000 shares subject to adjustment as provided in this 2000 Director Plan. Each nonemployee director will automatically be granted an option for 32,000 shares. The exercise price of the option shall be the fair market value at the time the option is granted. Options shall generally vest over a four-year period.

On June 17, 2003 our shareholders approved the Amended and Restated 2000 Directors Stock Option plan, which increased the maximum number of shares under the plan from 300,000 shares to 600,000 shares, decreased the initial grant of options from 32,000 shares to 20,000 shares, and increased each annual grant to nonemployee directors from 8,000 shares to 20,000 shares.

2001 Non-Statutory Stock Option Plan

In August 2001, we adopted the 2001 non-statutory option plan. Under the 2001 Plan, our non-statutory stock options may be granted to our employees, directors, non-employee directors and consultants. The aggregate number of shares reserved for awards under the 2001 Plan shall not exceed 10,000,000 shares. The exercise price of a non-statutory stock option shall not be less than 85% of the fair market value (110% for 10 percent shareholders). Options shall generally vest over a four-year period.

38

Table of Contents

A summary of the activities in the 1999 Plan, the 2000 Director Plan and the 2001 Plan is as follows:

		Options Outstanding	
	Available for Grant	Numbers of Options	Weighted Average Exercise Price
Balance at December 31, 2000	8,133,300	2,156,200	0.87
Adoption of the 2001 Plan	10,000,000		
Granted	(13,640,137)	13,640,137	0.25
Cancelled	1,296,832	(1,296,832)	1.22
Exercised		(1,392,899)	0.02
Balance at December 31, 2001	5,789,995	13,106,606	0.29
Granted	(913,957)	913,957	0.85
Cancelled	1,277,205	(1,277,205)	0.79
Exercised		(1,488,670)	0.01
Balance at December 31, 2002	6,153,243	11,254,688	0.31
Granted	(2,510,595)	2,510,595	0.35
Cancelled	875,842	(875,842)	0.71
Exercised		(740,697)	0.02
Balance at December 31, 2003	4,518,490	12,148,744	0.31

The options outstanding and currently exercisable at December 31, 2003 are detailed as follows:

Options Outstanding			Options Exercisable	
	Weighted Average Remaining	Weighted Average		Weighted Average

Exercise Price		Number Outstanding	Contractual Life (Years)	Exercise Price	Number Exercisable	Exercise Price
$0.00		5,382,944	4.61	$	4,003,662	$
$0.25	$0.42	4,810,800	8.06	0.35	1,440,279	0.37
$0.47	$1.62	1,850,000	8.06	1.00	945,364	1.14
$1.95		40,000	6.13	1.95	38,333	1.95
$2.01		65,000	5.14	2.01	54,125	2.01
		12,148,744	6.51	$ 0.31	6,481,763	$ 0.28

The options with a $0.00 exercise price represent stapled options (see Note 8)

The weighted average fair value of options granted in fiscal years 2003, 2002 and 2001 was $0.27, $0.59 and $0.90, respectively. Options exercisable were 6,481,763, 4,470,834 and 2,301,642 as of December 31, 2003, 2002 and 2001, respectively.

Fair Value Disclosures

The fair value of each employee stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	Years Ended December 31,		
	2003	**2002**	**2001**
Expected dividend yield	0.00%	0.00%	0.00%
Risk-free interest rate	1.29%	3.50%	4.45%
Expected volatility	99%	96%	90%
Expected life (in years)	4	4	4

For the fiscal year ended December 31, 2001, we calculated all option grants previous to August 21, 2001 using a 0% volatility and a 90% volatility thereafter, in order to give effect to the spin-off transaction.

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option-pricing models require the input of highly subjective assumptions, including expected stock price volatility. Because our employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management s opinion, the existing models do not necessarily provide a reliable single measure of the fair value of our employee stock options.

Note 12 Income Taxes

There was no federal or state income tax provision in 2003, 2002 and 2001 because our operations resulted in pre-tax losses.

A reconciliation between the benefit from (provision for) income taxes computed at the federal statutory rate of 35% for the years ended December 31, 2003, 2002 and 2001 and the benefit from (provision for) income taxes is as follows (amounts in thousands):

	December 31,		
	2003	**2002**	**2001**
Benefit from income taxes at statutory rate	$ 1,415	$ 14,903	$ 12,582
State income taxes net of federal tax benefit	232	1,971	1,664
Other	636	359	
Tax losses not benefited	(2,283)	(17,233)	(14,246)
Benefit from income taxes	$	$	$

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and those used for federal and state income tax purposes. Significant components of deferred tax assets for federal and state income taxes are as follows (amounts in thousands):

	December 31,	
	2003	**2002**
Net operating loss carryforwards	$ 31,161	$ 26,068
Depreciation and amortization	3,519	7,663
Accruals and reserves	3,806	7,456
Federal and state credits carryforward	1,232	1,801
Other	3,209	(58)
Gross deferred tax assets	42,927	42,930
Valuation allowance	(42,927)	(42,930)

Net deferred tax assets	$	$

At December 31, 2003, we had approximately $83.5 million and $ 33.8 million of federal and state net operating loss carryforward, respectively. These losses will begin expiring in 2020 and 2007, respectively. We also had approximately $728,000 of federal and $336,000 of state research and development tax credits available to offset future tax. The federal credits begin to expire in 2020 for federal purposes if not utilized.

Note 13 Employee Benefit Plans

In August 2001, the Vialta, Inc. 401(k) Plan was adopted. Under the terms of the 401(k) plan, eligible employees may elect to contribute a portion of their compensation as salary deferral contributions to the 401(k) plan, subject to certain statutorily prescribed limits. The 401(k) plan also permits, but does not require, us to make discretionary matching contributions and discretionary profit-sharing contributions. As a tax-qualified plan, contributions to the 401(k) plan are generally deductible by us when made, and are not taxable to participants until distributed from the 401(k) plan. Under the 401(k) plan, participants may direct the trustees to invest their accounts in selected investment options. We did not make any matching contributions or discretionary profit-sharing contributions in the years ended December 31, 2003, 2002 and 2001.

Note 14 Segment and Geographic Information

We have operated as one segment since our inception on April 20, 1999 through December 31, 2003. Therefore, results of operations are reported on a consolidated basis for purposes of segment reporting. As of December 31, 2003, 2002 and 2001, long-lived assets held outside the United States of America were not material.

Consolidated net revenue for the year ended December 31, 2003 was $10.3 million, consisting of domestic net revenue of $7.1 million and international net revenue of $3.2 million.

Table of Contents

Note 15 Commitments

In January 2000, we entered into a three-year non-cancelable lease agreement for our headquarters with ESS. In July 2003, we amended the lease. The terms of the amendment include a 60% reduction in the amount of square footage leased, a reduction in the monthly rent to current market rates and an extension of the term from December 31, 2003 to June 30, 2005. Under the terms of this and other leases, with various expiration dates through 2006, our future minimum rental payments as of December 31, 2003 are as follows: $529,000, $320,000 and $126,000 for the years 2004, 2005, and 2006 respectively.

Apart from operations leases disclosed above, we do not have any off-balance sheet arrangements.

Rent expense was approximately $1.4, $2.3 million and, $1.1 million for the years ended December 31, 2003, 2002 and 2001, respectively.

Note 16 Legal Matters

From time to time, we are involved in litigation in the normal course of business. The outcome of matters to date will not have material adverse impact on our consolidated financial position, results of operations or cash flows.

Selected Quarterly Operation Results (unaudited):

The following table presents unaudited quarterly financial information for each of our last eight quarters. This information has been derived from our unaudited financial statements and has been prepared on the same basis as the audited Consolidated Financial Statements appearing elsewhere in this Form 10-K. In the opinion of management, all necessary adjustments, consisting only of normal recurring adjustments, have been included to present fairly the quarterly results (in thousands, except per share amounts).

	For the Three Months Ended			
	March 31, 2003	**June 30, 2003**	**September 30, 2003**	**December 31, 2003**
Revenue	$ 3,843	$ 2,520	$ 1,284	$ 2,684
Cost of goods sold	863	570	517	991
Gross profit	2,980	1,950	767	1,693
Operating expenses:				
Product costs				
Engineering and development	968	621	480	488
Sales and marketing	442	641	547	2,797
General and administrative	1,730	1,974	1,091	958

Total operating expenses	3,140	3,236	2,118	4,243
Operating loss	(160)	(1,286)	(1,351)	(2,550)
Interest income, net	188	178	168	199
Gain on investment				571
Net income (loss)	$ 28	$ (1,108)	$ (1,183)	$ (1,780)
Net income (loss) per share attributable to common shares basic & diluted	$ 0.0	$ (0.01)	$ (0.01)	$ (0.02)
Weighted average common shares outstanding	82,238	82,151	82,227	82,523

41

Table of Contents

	For the Three Months Ended			
	March 31, 2002	June 30, 2002	September 30, 2002	December 31, 2002
Revenue	$	$	$	$
Cost of goods sold				
Gross margin				
Operating expenses:				
Product costs		1,137	9,284	
Research and development	4,223	3,992	2,928	2,121
Sales and marketing	614	732	777	977
General and administrative	1,812	1,427	1,216	1,188
Amortization and impairment of content licenses	253	947	948	9,247
Total operating expenses	6,902	8,235	15,153	13,533
Operating loss	(6,902)	(8,235)	(15,153)	(13,533)
Interest income, net	363	372	330	179
Other income (expenses)		(1)		1
Net income (loss)	$ (6,539)	$ (7,864)	$ (14,823)	$ (13,353)
Net income (loss) per share attributable to common shares basic & diluted	$ (0.08)	$ (0.09)	$ (0.18)	$ (0.16)
Weighted average common shares outstanding	85,240	83,752	82,908	83,246

Item 9: ***Changes In and Disagreements with Accountants on Accounting and Financial Disclosure***

None

Item 9A: ***Controls and Procedures***

(a) *Evaluation of disclosure controls and procedures*. Our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively) have concluded, based on their evaluation as of a date within 90 days prior to the date of filing of the annual report, that our disclosure controls and procedures are effective to ensure that material information required to be disclosed by us in report filed or submitted by us under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time period specified in the SEC s rules and forms, and includes controls and procedures designed to ensure that material information required to be disclosed by us in such reports is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) *Changes in internal controls.* There have been no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of our evaluation.

Table of Contents

PART III

Certain information required by Part III is omitted from this Report since we plan to file with the Securities and Exchange Commission the definitive proxy statement for our 2004 Annual Meeting of Shareholders (the Proxy Statement) not later than 120 days after the end of the fiscal year covered by this Report, and certain information included therein is incorporated herein by reference.

Item 10: *Directors and Executive Officers of the Registrant*

The information required by this Item is incorporated by reference in our Proxy Statement, which we will file with the Commission not later than 120 days after our fiscal year-end.

Item 11: *Executive Compensation*

The information required by this Item is incorporated by reference to the sections in our Proxy Statement entitled Executive Compensation, which we will file with the Commission not later than 120 days after our fiscal year-end.

Item 12: *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The information required by this Item is incorporated by reference in our Proxy Statement, which we will file with the Commission not later than 120 days after our fiscal year-end.

The following table summarizes information with respect to options under our equity compensation plans at December 31, 2003:

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (1)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	12,148,744	$ 0.31	4,518,490
Equity compensation plans not approved by security holders			

12,148,744	$ 0.31	4,518,490

(1) Includes only options outstanding under our stock option plans, as no stock warrants or rights were outstanding as of December 31, 2003.

Item 13: ***Certain Relationships and Related Transactions***

The information required by this Item is incorporated by reference in our Proxy Statement, which we will file with the Commission not later than 120 days after our fiscal year-end.

Item 14: ***Principle Accountant Fees and Services***

The information required by this Item is incorporated by reference in our Proxy Statement, which we will file with the Commission not later than 120 days after our fiscal year-end.

Table of Contents

PART IV

Item 15: ***Exhibits, Financial Statement Schedules, and Reports on Form 8-K***

(a)(1) **Financial Statements**

See the Consolidated Financial Statements and Supplementary Data at Item 8 of this report.

(2) **Financial Statement Schedules**

No schedules have been filed because the information required to be set forth therein is not applicable or is shown in the Consolidated Financial Statements and Supplementary Data or notes thereto at Item 8 of this report.

(3) **Exhibits**

See Exhibit Index for the exhibits filed as part of or incorporated by reference into this report.

(b) **Reports on Form 8-K**.

We did not file any Reports on Form 8-K during the fourth quarter of 2003.

With the exception of the information incorporated by reference to our Proxy Statement for the 2004 Annual Meeting of Shareholders in Items 10, 11, 12 and 13 of Part III, the Proxy Statement is not deemed to be filed as part of this Report.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

VIALTA, INC.

By: /s/ DIDIER PIETRI

Didier Pietri
President and Chief Executive Officer

Date: March 26, 2004

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ DIDIER PIETRI Didier Pietri	President and Chief Executive Officer (principal executive officer)	March 26, 2004
/s/ WILLIAM M. SCHARNINGHAUSEN William M. Scharninghausen	Chief Financial Officer (principal financial officer)	March 26, 2004
/s/ FRED S.L. CHAN Fred S.L. Chan	Chairman of the Board	March 26, 2004
/s/ GEORGE M. CAIN George M. Cain	Director	March 26, 2004
/s/ HERBERT CHANG Herbert Chang	Director	March 26, 2004
/s/ MICHAEL S. DUBESTER Michael S. Dubester	Director	March 26, 2004
/s/ MATTHEW K. FONG Matthew K. Fong	Director	March 26, 2004

Table of Contents

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
2.1	Form of Master Distribution Agreement between the Registrant and ESS Technology, Inc. (Exhibit No. 2.1 to Form 10 File No. 000-32809)
2.2	Form of Master Technology Ownership and License Agreement between the Registrant and ESS Technology, Inc. (Exhibit No. 2.2 to Form 10 File No. 000-32809)
2.3	Form of Employee Matters Agreement between the Registrant and ESS Technology, Inc. (Exhibit No. 2.3 to Form 10 File No. 000-32809)
2.4	Form of Tax Sharing and Indemnity Agreement between the Registrant and ESS Technology, Inc. (Exhibit No. 2.4 to Form 10 File No. 000-32809)
2.5	Form of Real Estate Matters Agreement between the Registrant and ESS Technology, Inc. (Exhibit No. 2.5 to Form 10 File No. 000-32809)
2.6	Form of Master Confidential Disclosure Agreement between the Registrant and ESS Technology, Inc. (Exhibit No. 2.6 to Form 10 File No. 000-32809)
2.7	Form of Master Transitional Services Agreement between the Registrant and ESS Technology, Inc. (Exhibit No. 2.7 to Form 10 File No. 000-32809)
3.1	Amended and Restated Certificate of Incorporation of the Registrant (Exhibit No. 4.1 to Form S-8 File No. 333-65752)
3.2	Amended and Restated Bylaws of the Registrant (Exhibit No. 4.2 to Form S-8 File No. 333-65752)
4.1	Form of Class A Common Stock Certificate of the Registrant (Exhibit No. 4.1 to Form 10 File No. 000-32809)
4.2	Form of Class B Common Stock Certificate of the Registrant (Exhibit No. 4.2 to Form 10 File No. 000-32809)
10.1	1999 Stock Incentive Plan (Exhibit No. 10.1 to Form 10 File No. 000-32809) *
10.2	2000 Directors Stock Option Plan, as amended and restated (filed herewith) *
10.3	2001 Nonstatutory Stock Option Plan, as amended on August 1, 2001 (Exhibit No. 10.3 to Form 10 File No. 000-32809) *
10.4	2001 Employee Stock Purchase Plan (Exhibit No. 10.4 to Form 10 File No. 000-32809) *
10.5	Lease Agreement between the Registrant and ESS Technology, Inc. for the premises located at 48461 Fremont Boulevard, Fremont, California (Exhibit No. 10.5 to Form 10 File No. 000-32809)

10.6	Purchase Agreement between the Registrant and ESS Technology, Inc. (Exhibit No. 10.6 to Form 10 File No. 000-32809)
10.7	DVD Manufacturing License Agreement between the Registrant and Macrovision Corporation (Exhibit No. 10.7 to Form 10 File No. 000-32809)
10.8	Offer Letter Agreement between the Registrant and Charles Root (Exhibit No.

Table of Contents

Exhibit Number	Description of Exhibit
	10.8 to Form 10 File No. 000-32809) *
10.9	Lease Agreement between the Registrant and 235 Investments Limited for the premises located at 235 Yorkland Boulevard, Ontario, Canada (Exhibit No. 10.9 to Form 10 File No. 000-32809)
10.10	Lease Agreement between Vialta.com Hong Kong Company Limited and Upcentre Investments Limited for the premises located at 238 Nathan Road, Kowloon, Hong Kong (Exhibit No. 10.10 to Form 10 File No. 000-32809)
10.11	Trademark License Agreement between the Registrant and Digital Theater Systems, Inc. (Exhibit No. 10.11 to Form 10 File No. 000-32809)
10.12	Software License Agreement between the Registrant and EnReach Technology, Inc. (Exhibit No. 10.12 to Form 10 File No. 000-32809)
10.13	Offer Letter Agreement between the Registrant and Didier Pietri (Exhibit No. 10.13 to Form 10 File No. 000-32809) *
10.14	Offer Letter Agreement between the Registrant and Steve Charng (Exhibit No. 10.5 to Form 10 File No. 000-32809)
10.15	Offer Letter Agreement between the Registrant and Michael Wang (Exhibit No. 10.9 to Form 10 File No. 000-32809)
21.1	Subsidiaries of the Registrant (Exhibit No. 21.1 to Form 10 File No. 000-32809)
23.1	Consent of PricewaterhouseCoopers LLP (filed herewith)
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification 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

* Indicates a management contract or compensatory plan.