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Co-Counsel to the Debtors and Debtors in Possession

**IN THE UNITED STATES BANKRUPTCY COURT
 FOR THE EASTERN DISTRICT OF VIRGINIA
 RICHMOND DIVISION**

)	
In re:)	Chapter 11
)	
INTELSAT S.A., <i>et al.</i> , ¹)	Case No. 20-32299 (KLP)
)	
Debtors.)	(Jointly Administered)
)	

**DECLARATION OF
 STEVEN ZELIN IN SUPPORT OF
 THE DEBTORS’ TRANSACTION MOTION**

I, Steven Zelin, hereby declare under penalty of perjury:

1. I am a Partner and Head of the Restructuring & Special Situations Group in the Americas and a member of the management committee at PJT Partners LP (“PJT”), a global investment banking firm listed on the New York Stock Exchange with its principal offices at 280 Park Avenue, New York, New York 10017. PJT is the investment banker advising Intelsat S.A., *et al.*, (collectively, the “Debtors,” and together with their non-Debtor affiliates, the “Company”) in these chapter 11 cases.

¹ Due to the large number of Debtors in these chapter 11 cases, for which joint administration has been granted, a complete list of the Debtor entities and the last four digits of their federal tax identification numbers is not provided herein. A complete list may be obtained on the website of the Debtors’ claims and noticing agent at <https://cases.stretto.com/intelsat>. The location of the Debtors’ service address is: 7900 Tysons One Place, McLean, VA 22102.

2. I submit this declaration (this “Declaration”) in support of the *Debtors’ Motion for Entry of an Order (I) Authorizing the Debtors to (A) Consummate a Proposed Transaction and (B) Enter into an Amendment to the DIP Credit Agreement and (II) Granting Related Relief* (the “Transaction Motion”).

3. The statements in this Declaration are, except where specifically noted, based on my personal knowledge or opinion, on information that I have received from the Debtors’ employees or advisors and/or employees of PJT working directly with me or under my supervision, direction, or control, or from my review of the Debtors’ records maintained in the ordinary course of their business or documents concerning the operations and financial affairs of the Seller² and the Target. I am not being compensated specifically for this testimony other than through payments received by PJT as a professional retained by the Debtors.³ If I were called upon to testify, I could and would testify competently to the facts set forth herein. I am authorized to submit this Declaration on behalf of the Debtors.

Qualifications

4. PJT is a leading global financial advisory firm with more than 800 employees in eight offices in the U.S., Europe, and Asia. The firm offers integrated advisory services for mergers and acquisitions, restructuring and special situations, and fund placement. PJT is an industry leader in advising companies and creditors in all aspects of complex restructurings and

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Transaction Motion. [REDACTED]

³ In accordance with PJT’s engagement letter, to the extent approved by this Court, PJT is entitled to be paid a Sale Transaction Fee, in cash at closing, for an Acquisition, calculated as (a) with respect to Sale Transactions having Transaction Value up to \$1.0 billion, 1.0% of the Transaction Value, (b) with respect to Sale Transactions having a Transaction Value of \$10.0 billion or more, 0.50% of the Transaction Value, and (c) with respect to Sale Transactions having a Transaction Value greater than \$1.0 billion and less than \$10.0 billion, based on a straight-interpolation from 1.0% of the Transaction Value to 0.50% of the Transaction Value, respectively.

bankruptcies. The firm has extensive experience providing financial advisory and investment banking services to financially distressed companies, including representing debtors in connection with the purchase and sale of assets. PJT was initially engaged by the Debtors in late February 2020 to assist with a broad range of services in order to address their liquidity and financing needs with respect to clearing the required portions of the C-band spectrum on the timeline required by the FCC Order to qualify for incentive payments including, among other things, identifying and approaching potential investors with whom the Debtors could negotiate a potential value-maximizing out-of-court transaction, as well as the possibility of financing and other transactions available in a chapter 11. On July 15, 2020, the Court entered the *Order Authorizing the Retention and Employment of PJT Partners LP as Investment Banker for the Debtors and Debtors in Possession, Effective as of May 13, 2020* [Docket 520] in which the Court approved PJT's retention application, effective as of the Petition Date. PJT has become familiar with the Debtors' business, finances, and capital structure, as well as their financial restructuring initiatives.

5. I have worked as a restructuring advisor on a full-time basis since 1988, or in excess of thirty-two years. Prior to PJT's spinoff from The Blackstone Group ("Blackstone") on October 1, 2015, I was a Senior Managing Director in Blackstone's Restructuring & Reorganization Group, where I was employed for more than seventeen years. I joined Blackstone in 1998 from Ernst & Young LLP ("E&Y"), where I was a partner in E&Y's Restructuring and Reorganization Group. Since 1988, I have focused exclusively on representing debtors, creditors, investors, and other stakeholders in distressed transactions.

6. In addition to acting as the investment banker to the Debtors in these Cases, some of my other most notable publicly disclosed formal and informal restructuring assignments include: AbitibiBowater, Inc.; Acosta, Inc.; American Axle & Manufacturing, Inc.; Apex Silver

Mines; Caesars Entertainment Corporation; Clearwire Corporation; Delphi Corporation; Energy Future Holdings; Enron Corporation; Entergy New Orleans; Ford Motor Company; General Motors Corporation; FULLBEAUTY Brands; The Goodyear Tire & Rubber Company; iHeartMedia, Inc.; Indianapolis Downs, LLC; Intrawest ULC; Kerzner International Holdings Limited; LightSquared Inc.; Marvel Entertainment Group, Inc.; Motorola (re: Iridium LLC); Pacific Gas & Electric; The Pacific Lumber Company/Scotia Pacific Company LLC; R.H. Macy & Company; Samson Resources; SemGroup, L.P.; TerreStar Corporation/TerreStar Networks Inc.; Vencor, Inc.; Verso Paper Corporation; Walter Energy, Inc.; Washington Mutual, Inc.; and Xerox Corporation. I have provided expert witness testimony regarding valuation and restructuring matters on numerous occasions.

7. Over the last several months, I and other PJT professionals have had a substantial number of discussions and meetings with the Debtors' management team and advisors regarding the Debtors' business operations, strategic options and investment opportunities, and the Transaction. I am generally familiar with the Debtors' business and that of the Seller and the Target. I have participated in discussions with certain of the Debtors' employees, other PJT employees, and the Debtors' other advisors regarding the potential investment in the Target and the Debtors' go-forward business if the Transaction were consummated. I have been an active participant in the formulation of and am familiar with the terms included in the Investment Amendment and the Share Purchase Agreement.

8. Based on the diligence that my team at PJT and I have performed, we support the Debtors in their decision to pursue consummation of the Transaction, which is in the best interests of the Debtors' estates as it is expected to generate value for the Debtors' estates, inuring to the benefit of the Debtors' stakeholders.

Secular Declines in the Debtors' Historic Businesses

9. There has been an industry-wide decline in demand for some of the Company's key historic businesses. The media segment in particular has seen declining demand, as traditional broadcast television declines and adoption of over-the-top streaming services continues to displace cable and direct-to-home satellite television services. In addition, the continued proliferation of fiber has resulted in declining demand for certain legacy data services such as point-to-point and trucking.

10. [REDACTED]

The Transaction is Value-Enhancing to the Debtors' Estates

11. To remain competitive and avoid losing market share in a rapidly evolving satellite services market, the Debtors believe that they must proactively position themselves for new, strategic opportunities that complement their existing businesses and capabilities. The Debtors believe that an investment in the Target will [REDACTED]

[REDACTED]

[REDACTED] and be value

accretive for the Debtors' estates and their stakeholders.

12. The Target is [REDACTED]
[REDACTED]

13. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

14. In particular, a significant portion of the value that the Debtors expect to derive from the Transaction is attributable to [REDACTED]
[REDACTED]
[REDACTED]

15. The Debtors also believe [REDACTED]
[REDACTED]

[REDACTED]

16. [REDACTED]

[REDACTED]

17. In sum, based on the diligence that my team at PJT and I have performed, PJT supports the Debtors’ decision to move forward with the Transaction, which is expected to generate value for the Debtors’ estates and their stakeholders, and is therefore in their best interest.

The Transaction Has Been Negotiated in Good Faith

18. I understand that the Seller is advised by an external investment bank and legal counsel and, with its advisors, has been engaged in [REDACTED] [REDACTED] (the “Sale Process”).⁴ [REDACTED]

⁴ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] The Debtors submitted a first phase, non-binding indication

of interest on July 2, 2020, and were selected to participate in the second phase of the Sale Process.

During the second phase, the Debtors received access to more detailed information, including

various accounting, finance, human resources, legal, and technical information as well as

additional time with the Target’s management.⁵

19. On July 27, 2020, the Debtors submitted a second phase non-binding indication of

interest to the Seller, subject to ongoing diligence, which included a proposal for a period of

exclusivity for the Debtors and the Seller to work on an expedited basis to complete the diligence

process and negotiate the terms of the Transaction. Thereafter, the Debtors continued to work

through key economic and legal deal points with the Seller and conducted additional due diligence.

[REDACTED]

[REDACTED]

[REDACTED]⁶

20. Based on conversations with the Seller’s advisors, it is my understanding that the

Sale Process and related marketing process were designed to obtain the highest and best value for

the Target.

⁵ To facilitate the process of sharing this additional information, the Seller and its advisors organized and opened a virtual data room which included approximately 5,000 documents describing the business, operations, and financial aspects of the business in detail.

⁶ [REDACTED]

21. On August 16, 2020, the Seller granted the Debtors a two week exclusive period, during which the Seller committed to not progress negotiations with any other interested parties and to suspend such parties' access to the virtual data room. The Debtors are using this exclusive period to finalize the definitive documentation and anticipate completing these negotiations on or around the hearing date on this Motion.

22. Both before and after receiving exclusivity, the Debtors have been coordinating with the key stakeholders in these chapter 11 cases, including the Notice Parties and the U.S. Trustee. The Debtors initially engaged with advisors to the Notice Parties regarding the potential for the Transaction in mid-July. The advisors were provided access to certain information on the Target and the Sale Process to enable them to conduct their own diligence. Additionally, the Debtors and their advisors had multiple telephone conferences with and gave several presentations to the advisors to the Notice Parties on a variety of topics related to the Transaction. On or about August 19, 2020, certain creditors within each of the Jackson Ad Hoc Group, the Jackson Crossover Ad Hoc Group, and the ParentCo Creditors, became restricted to receive confidential information regarding the Transaction. I understand that after their review to date, each of the Jackson Ad Hoc Group, the Jackson Crossover Ad Hoc Group, and the ParentCo Creditors support the Transaction.

23. I believe that the Purchase Price and other Terms of the Transaction, taken as a whole, are fair and reasonable to the Debtors under the circumstances. The Debtors, with the assistance of their professional advisors, evaluated the extensive diligence that was provided by the Seller, conducted an independent analysis, and made material revisions to the terms of their offer throughout the Sale Process, as they gained access and had the opportunity to analyze information relating to the Target.

24. Previous drafts of the Share Purchase Agreement have contained, and I understand that the execution version of the Share Purchase Agreement will contain, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

25. For all of the reasons included in this Declaration, I submit consummation of the Transaction is in the best interest of the Debtors' estates and that it is appropriate for the Court to authorize the Debtors to consummate the Transaction, as contemplated by the Transaction Motion.

[Remainder of page intentionally left blank.]

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: August 24, 2020
New York, New York

PJT Partners LP

/s/ Steven Zelin

Name: Steven Zelin

Title: Partner and Head of the
Restructuring & Special Situations
Group in the Americas