

Constellation Distress M&A: Acquiring Spectrum, Satellites or Customers

*A Bid Perimeter Framework for Licences Fleet Cohorts Customer Contracts
Replacement Capital and Regulatory Transfer*

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Abstract

A distressed satellite constellation can contain several businesses inside one legal perimeter. Spectrum and orbital rights may retain strategic value while satellites approach replacement. Customer contracts may produce cash while service quality deteriorates. Gateways, terminals, software, workforce and supplier arrangements may be essential to continuity even when an acquirer prefers a narrow asset purchase. The bid decision therefore concerns the perimeter: acquire selected assets, acquire licences and associated rights, acquire customers and operating infrastructure, or acquire the going concern with its liabilities and continuity advantages.

This paper develops a Bid Perimeter and Continuity Test for constellation distress M&A. It links regulatory transfer rules, spectrum and orbital rights, fleet cohorts, remaining life, replacement capital, subscriber curves, government contracts, gateways, terminals, software, cybersecurity, workforce, supplier contracts, launch access, restructuring law and transition services to cash and value. The method compares four perimeters on a common basis and identifies stranded dependencies, consent risk and cash required before stable service can be restored.

Primary evidence establishes why legal title alone is insufficient. Federal Communications Commission rules require prior consent for voluntary assignment or transfer of satellite licences and timely filings for involuntary transfers. Enforcement material shows the consequences of unauthorised transfers. Public filings separate spectrum licences, customer relationships, satellites and construction assets, disclose impairments and describe regulatory conditions. The United Kingdom's OneWeb acquisition demonstrates that a distressed constellation bid can combine commercial recovery and sovereign objectives while remaining subject to court and regulatory approvals. These observations support the framework; they do not determine the value of an unidentified target. [1][2][3][4][5][6]

The worked case is wholly hypothetical and describes no identified company. A headline asset sum of USD 4.80 billion comprises claimed spectrum and orbital rights, satellites, ground infrastructure, software and customer relationships. The analysis deducts USD 1.05 billion for fleet degradation and replacement, USD 0.45 billion for customer attrition and contract leakage, USD 0.30 billion for transfer and separation risk, and USD 0.25 billion for cure, transition and working capital. It adds USD 0.20 billion for verified going-concern continuity, producing an illustrative bid value of USD 2.95 billion. The selected perimeter includes licences, usable fleet, ground systems, essential software, employees and transferable customer contracts; excluded liabilities and orphan dependencies remain subject to enforceable transaction documents and approvals.

The framework is intended for boards, creditors, governments, investors, lenders and transaction teams evaluating rescue financings, court-supervised sales, licence acquisitions, strategic combinations and going-concern bids. Its central output is a bid bridge that identifies exactly what transfers, which consents

and cures are required, what service can be sustained and how much additional capital the buyer must fund.

JEL Classification: G12, G31, G32, G33, G34, L96

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Introduction

Distress separates price from continuity. A buyer may be attracted to spectrum, satellites or customers, yet each component can depend on rights and systems outside the proposed perimeter. A licence can require regulatory consent, milestones and operating capability. A satellite fleet can require command software, gateways, engineers, launch and replenishment. A subscriber base can require service, billing, terminals, support and contractual assignment.

The transaction team should therefore model the target as a dependency network before selecting an acquisition structure. The decision is not simply which assets have value. The decision is which combination can produce lawful, continuous and financeable service after closing, and what cash must be committed to reach that state.

This paper compares selected-asset, licence-led, customer-led and going-concern perimeters. Every perimeter is tested against the same operating plan, consent map, replacement schedule, customer curve and downside liquidity requirement.

1. Define the decision and valuation date

The analysis begins with the buyer decision, legal process, bid deadline, information cut-off and assumed closing date. Distress compresses time and can encourage a buyer to treat visible assets as independent sources of value. The dependency map should instead identify the legal owner, operating controller, required counterparty, transfer mechanism and cash needed for every material component. This shows whether the proposed perimeter can deliver lawful and continuous service after closing.

The evidence set comprises process letters, court orders, creditor timetable, management accounts and regulator status. Records should be dated, owned and reconciled to the relevant entity, asset, contract and model assumption. Missing support remains a visible bid risk. The financial model converts the verified record into a bid that uses one evidence date and one closing state. The board should approve the decision perimeter before modelling value, with every adjustment linked to one dependency and one accountable owner.

2. Map the legal and economic perimeter

Decision usefulness requires a trace from entities, licences, satellites, gateways, terminals, software, intellectual property, employees, contracts, cash and liabilities to service, cash and closing mechanics. The trace should distinguish assets that transfer automatically, rights requiring consent, contracts requiring cure or assignment, and capabilities that must be recreated. It should also identify the period during which the seller, restructuring estate or transition provider remains essential to operations.

Diligence should obtain corporate records, asset registers, licence schedules, contract maps and intercompany arrangements. The team should test completeness, transferability, operating condition and cash conversion. Valuation then measures what transfers and what remains behind. Decision makers should reconcile legal title with operational dependency; the assumption register should prevent the same distress risk from appearing in asset value, replacement capital, a general discount and the terminal multiple.

3. Compare four acquisition structures

The control question concerns selected assets, licence-led acquisition, customer-led acquisition and going-concern purchase. It should be answered through a dated transaction and operating record rather than a narrative assertion. Fleet averages, aggregate backlog and book values can hide failed cohorts, non-assignable contracts, unfunded options, stranded infrastructure and regulatory rights that cannot be used by the proposed buyer.

Required support includes draft term sheets, restructuring options, consent requirements and tax analysis. Exceptions, defaults, failed tests and late changes deserve separate review. The model uses the evidence to calculate comparable cash needs and continuity outcomes. The investment committee should select the perimeter that maximises executable value after all dependencies, retaining deductions for incomplete transfers and including the full cash required to reach standalone, stable service.

4. Build the regulatory consent map

The analysis begins with assignments, transfers of control, market access, earth stations, landing rights, export control and national-security review. Distress compresses time and can encourage a buyer to treat visible assets as independent sources of value. The dependency map should instead identify the legal owner, operating controller, required counterparty, transfer mechanism and cash needed for every material component. This shows whether the proposed perimeter can deliver lawful and continuous service after closing.

The evidence set comprises authorisations, statutes, application status, regulator correspondence and conditions. Records should be dated, owned and reconciled to the relevant entity, asset, contract and model assumption. Missing support remains a visible bid risk. The financial model converts the verified record into closing probability, timing and operating restrictions. The board should make each material consent a dated bid condition, with every adjustment linked to one dependency and one accountable owner.

5. Test spectrum and orbital rights

Decision usefulness requires a trace from frequency assignments, orbital parameters, national licences, coordination status, milestones and priority to service, cash and closing mechanics. The trace should distinguish assets that transfer automatically, rights requiring consent, contracts requiring cure or assignment, and capabilities that must be recreated. It should also identify the period during which the seller, restructuring estate or transition provider remains essential to operations.

Diligence should obtain FCC and national authorisations, ITU records, coordination agreements and compliance reports. The team should test completeness, transferability, operating condition and cash conversion. Valuation then measures usable rights that survive the proposed transfer. Decision makers should exclude rights whose transfer, milestone or operating basis cannot be demonstrated; the assumption register should prevent the same distress risk from appearing in asset value, replacement capital, a general discount and the terminal multiple.

6. Distinguish licences from service capability

The control question concerns the gap between holding regulatory rights and operating a compliant network. It should be answered through a dated transaction and operating record rather than a narrative assertion. Fleet averages, aggregate backlog and book values can hide failed cohorts, non-assignable contracts, unfunded options, stranded infrastructure and regulatory rights that cannot be used by the proposed buyer.

Required support includes fleet availability, gateways, control systems, cybersecurity, personnel and vendor support. Exceptions, defaults, failed tests and late changes deserve separate review. The model uses the evidence to calculate capital and time required to convert rights into delivered service. The investment committee should avoid bidding for legal rights without the capability needed to preserve them, retaining deductions for incomplete transfers and including the full cash required to reach standalone, stable service.

7. Reconstruct the fleet by cohort

The analysis begins with satellite age, payload, capacity, reliability, remaining life, propulsion and common design. Distress compresses time and can encourage a buyer to treat visible assets as independent sources of value. The dependency map should instead identify the legal owner, operating controller, required counterparty, transfer mechanism and cash needed for every material component. This shows whether the proposed perimeter can deliver lawful and continuous service after closing.

The evidence set comprises manufacturing lots, launch records, telemetry, anomalies, insurance and disposal plans. Records should be dated, owned and reconciled to the relevant entity, asset, contract and model assumption. Missing support remains a visible bid risk. The financial model converts the verified record into usable capacity and remaining service by cohort. The board should price the fleet from delivered capacity rather than historical cost, with every adjustment linked to one dependency and one accountable owner.

8. Test in-orbit asset condition

Decision usefulness requires a trace from availability, degraded payloads, manoeuvrability, power, thermal performance and command access to service, cash and closing mechanics. The trace should distinguish assets that transfer automatically, rights requiring consent, contracts requiring cure or assignment, and capabilities that must be recreated. It should also identify the period during which the seller, restructuring estate or transition provider remains essential to operations.

Diligence should obtain telemetry, anomaly logs, command records, station-keeping history and engineering assessments. The team should test completeness, transferability, operating condition and cash conversion. Valuation then measures condition-adjusted service and residual life. Decision makers should retain deductions for uninspected or inaccessible spacecraft; the assumption register should prevent the same distress risk from appearing in asset value, replacement capital, a general discount and the terminal multiple.

9. Model replacement capital

The control question concerns manufacture, launch, insurance, commissioning, spares and ground changes required to sustain contracted service. It should be answered through a dated transaction and operating record rather than a narrative assertion. Fleet averages, aggregate backlog and book values can hide failed cohorts, non-assignable contracts, unfunded options, stranded infrastructure and regulatory rights that cannot be used by the proposed buyer.

Required support includes supplier contracts, production cadence, launch slots, deposits and acceptance history. Exceptions, defaults, failed tests and late changes deserve separate review. The model uses the evidence to calculate sustaining cash flow and funding need. The investment committee should deduct replacement capital before applying terminal value, retaining deductions for incomplete transfers and including the full cash required to reach standalone, stable service.

10. Test launch access

The analysis begins with availability of launch providers, slots, integration, export permission and alternative routes. Distress compresses time and can encourage a buyer to treat visible assets as independent sources of value. The dependency map should instead identify the legal owner, operating controller, required counterparty, transfer mechanism and cash needed for every material component. This shows whether the proposed perimeter can deliver lawful and continuous service after closing.

The evidence set comprises executed contracts, manifests, deposits, lead times and contingency plans. Records should be dated, owned and reconciled to the relevant entity, asset, contract and model assumption. Missing support remains a visible bid risk. The financial model converts the verified record into replacement timing and bridge liquidity. The board should stress launch delay together with fleet degradation, with every adjustment linked to one dependency and one accountable owner.

11. Reconstruct commercial customer cohorts

Decision usefulness requires a trace from subscriber type, geography, price, terminal, usage, tenure, churn and support cost to service, cash and closing mechanics. The trace should distinguish assets that transfer automatically, rights requiring consent, contracts requiring cure or assignment, and capabilities that must be recreated. It should also identify the period during which the seller, restructuring estate or transition provider remains essential to operations.

Diligence should obtain billing, activations, collections, service records and cancellations. The team should test completeness, transferability, operating condition and cash conversion. Valuation then measures cohort contribution under continuing and deteriorating service. Decision makers should value customers through retained contribution after transition; the assumption register should prevent the same distress risk from appearing in asset value, replacement capital, a general discount and the terminal multiple.

12. Reconstruct government contracts

The control question concerns funding, task orders, acceptance, termination, security, assignment and change rights. It should be answered through a dated transaction and operating record rather than a narrative assertion. Fleet averages, aggregate backlog and book values can hide failed cohorts, non-assignable contracts, unfunded options, stranded infrastructure and regulatory rights that cannot be used by the proposed buyer.

Required support includes executed awards, funded backlog, invoices, collections and consent correspondence. Exceptions, defaults, failed tests and late changes deserve separate review. The model uses the evidence to calculate durable government cash after transfer. The investment committee should treat non-assignable or unfunded amounts separately, retaining deductions for incomplete transfers and including the full cash required to reach standalone, stable service.

13. Model distress-driven attrition

The analysis begins with churn caused by outages, uncertainty, delayed terminals, channel weakness and competitor offers. Distress compresses time and can encourage a buyer to treat visible assets as independent sources of value. The dependency map should instead identify the legal owner, operating controller, required counterparty, transfer mechanism and cash needed for every material component. This shows whether the proposed perimeter can deliver lawful and continuous service after closing.

The evidence set comprises weekly cancellations, renewal outcomes, support contacts, credits and migration data. Records should be dated, owned and reconciled to the relevant entity, asset, contract and model assumption. Missing support remains a visible bid risk. The financial model converts the verified

record into customer cash that survives the transaction process. The board should use a time-dependent attrition curve rather than a static haircut, with every adjustment linked to one dependency and one accountable owner.

14. Test contract assignment and cure

Decision usefulness requires a trace from anti-assignment clauses, change-of-control rights, defaults, arrears, cure obligations and executory-contract treatment to service, cash and closing mechanics. The trace should distinguish assets that transfer automatically, rights requiring consent, contracts requiring cure or assignment, and capabilities that must be recreated. It should also identify the period during which the seller, restructuring estate or transition provider remains essential to operations.

Diligence should obtain contract terms, counterparty notices, default registers, cure statements and legal analysis. The team should test completeness, transferability, operating condition and cash conversion. Valuation then measures contracts that can transfer at a stated cash cost. Decision makers should make high-value assignments and cures bid conditions; the assumption register should prevent the same distress risk from appearing in asset value, replacement capital, a general discount and the terminal multiple.

15. Value gateways and ground systems

The control question concerns sites, antennas, network operations, telemetry, command, data processing and leases. It should be answered through a dated transaction and operating record rather than a narrative assertion. Fleet averages, aggregate backlog and book values can hide failed cohorts, non-assignable contracts, unfunded options, stranded infrastructure and regulatory rights that cannot be used by the proposed buyer.

Required support includes asset registers, title, permits, capacity, maintenance and landlord consents. Exceptions, defaults, failed tests and late changes deserve separate review. The model uses the evidence to calculate ground capability required for the selected fleet and customers. The investment committee should separate essential sites from duplicative or stranded infrastructure, retaining deductions for incomplete transfers and including the full cash required to reach standalone, stable service.

16. Value terminals and installed base

The analysis begins with customer premises equipment, inventory, firmware, certification, ownership and replacement. Distress compresses time and can encourage a buyer to treat visible assets as independent sources of value. The dependency map should instead identify the legal owner, operating controller, required counterparty, transfer mechanism and cash needed for every material component. This shows whether the proposed perimeter can deliver lawful and continuous service after closing.

The evidence set comprises serial-number registers, installation records, inventory counts and support history. Records should be dated, owned and reconciled to the relevant entity, asset, contract and model assumption. Missing support remains a visible bid risk. The financial model converts the verified record into service-enabling assets and refurbishment cash. The board should reconcile terminal rights with each retained customer cohort, with every adjustment linked to one dependency and one accountable owner.

17. Secure software and data rights

Decision usefulness requires a trace from flight software, network orchestration, billing, customer data, models, source code and third-party licences to service, cash and closing mechanics. The trace should distinguish assets that transfer automatically, rights requiring consent, contracts requiring cure or assignment, and capabilities that must be recreated. It should also identify the period during which the seller, restructuring estate or transition provider remains essential to operations.

Diligence should obtain IP schedules, repositories, escrow, licence terms, access controls and privacy records. The team should test completeness, transferability, operating condition and cash conversion. Valuation then measures operating capability and migration cost. Decision makers should require transferable rights and tested access before closing; the assumption register should prevent the same distress risk from appearing in asset value, replacement capital, a general discount and the terminal multiple.

18. Retain critical workforce

The control question concerns flight dynamics, spacecraft operations, network, spectrum, cyber, sales, billing and field support roles. It should be answered through a dated transaction and operating record rather than a narrative assertion. Fleet averages, aggregate backlog and book values can hide failed cohorts, non-assignable contracts, unfunded options, stranded infrastructure and regulatory rights that cannot be used by the proposed buyer.

Required support includes employee roster, skills, access privileges, retention terms and succession plans. Exceptions, defaults, failed tests and late changes deserve separate review. The model uses the evidence to calculate continuity cost and execution capacity. The investment committee should fund retention around critical systems and decision dates, retaining deductions for incomplete transfers and including the full cash required to reach standalone, stable service.

19. Map supplier dependencies

The analysis begins with manufacturers, launch providers, cloud, ground vendors, terminal makers and maintenance contractors. Distress compresses time and can encourage a buyer to treat visible assets as independent sources of value. The dependency map should instead identify the legal owner, operating controller, required counterparty, transfer mechanism and cash needed for every material component. This shows whether the proposed perimeter can deliver lawful and continuous service after closing.

The evidence set comprises contracts, arrears, liens, warranties, capacity and change-of-control terms. Records should be dated, owned and reconciled to the relevant entity, asset, contract and model assumption. Missing support remains a visible bid risk. The financial model converts the verified record into cure cost, continuity and bargaining exposure. The board should price suppliers through executable continuation terms, with every adjustment linked to one dependency and one accountable owner.

20. Test cybersecurity and command continuity

Decision usefulness requires a trace from identity, keys, command authority, monitoring, incident response and recovery to service, cash and closing mechanics. The trace should distinguish assets that transfer automatically, rights requiring consent, contracts requiring cure or assignment, and capabilities that must be recreated. It should also identify the period during which the seller, restructuring estate or transition provider remains essential to operations.

Diligence should obtain access logs, architecture, security tests, incidents and key-rotation plans. The team should test completeness, transferability, operating condition and cash conversion. Valuation then measures closing readiness and residual control risk. Decision makers should make clean command transfer and credential rotation day-one requirements; the assumption register should prevent the same distress risk from appearing in asset value, replacement capital, a general discount and the terminal multiple.

21. Analyse debt, liens and asset encumbrance

The control question concerns security interests, mortgages, pledges, retention of title, lease claims and set-off. It should be answered through a dated transaction and operating record rather than a narrative

assertion. Fleet averages, aggregate backlog and book values can hide failed cohorts, non-assignable contracts, unfunded options, stranded infrastructure and regulatory rights that cannot be used by the proposed buyer.

Required support includes credit agreements, registers, financing statements, court filings and payoff letters. Exceptions, defaults, failed tests and late changes deserve separate review. The model uses the evidence to calculate clear title and release cost by asset. The investment committee should condition transfer on enforceable releases, retaining deductions for incomplete transfers and including the full cash required to reach standalone, stable service.

22. Analyse restructuring-law mechanics

The analysis begins with court approval, sale standard, creditor objections, executory contracts, cure and successor-liability protection. Distress compresses time and can encourage a buyer to treat visible assets as independent sources of value. The dependency map should instead identify the legal owner, operating controller, required counterparty, transfer mechanism and cash needed for every material component. This shows whether the proposed perimeter can deliver lawful and continuous service after closing.

The evidence set comprises motions, orders, bid procedures, applicable statutes and local advice. Records should be dated, owned and reconciled to the relevant entity, asset, contract and model assumption. Missing support remains a visible bid risk. The financial model converts the verified record into closing certainty, timing and residual liability. The board should align bid protections with the governing process, with every adjustment linked to one dependency and one accountable owner.

23. Model transition services

Decision usefulness requires a trace from systems, people, facilities, data and supplier support required between closing and standalone operation to service, cash and closing mechanics. The trace should distinguish assets that transfer automatically, rights requiring consent, contracts requiring cure or assignment, and capabilities that must be recreated. It should also identify the period during which the seller, restructuring estate or transition provider remains essential to operations.

Diligence should obtain separation plan, service catalogue, costs, service levels and exit milestones. The team should test completeness, transferability, operating condition and cash conversion. Valuation then measures temporary cash and execution dependency. Decision makers should cap duration and create tested exit criteria; the assumption register should prevent the same distress risk from appearing in asset value, replacement capital, a general discount and the terminal multiple.

24. Build day-one service continuity

The control question concerns the sequence of control transfer, customer communication, network operation, billing, security and regulator notification. It should be answered through a dated transaction and operating record rather than a narrative assertion. Fleet averages, aggregate backlog and book values can hide failed cohorts, non-assignable contracts, unfunded options, stranded infrastructure and regulatory rights that cannot be used by the proposed buyer.

Required support includes runbooks, rehearsals, contact trees, system access and contingency plans. Exceptions, defaults, failed tests and late changes deserve separate review. The model uses the evidence to calculate service stability through closing. The investment committee should require a signed day-one control matrix, retaining deductions for incomplete transfers and including the full cash required to reach standalone, stable service.

25. Build the selected-asset case

The analysis begins with a narrow purchase of satellites, ground assets or technology without the operating company. Distress compresses time and can encourage a buyer to treat visible assets as independent sources of value. The dependency map should instead identify the legal owner, operating controller, required counterparty, transfer mechanism and cash needed for every material component. This shows whether the proposed perimeter can deliver lawful and continuous service after closing.

The evidence set comprises asset title, interfaces, migration, consents and standalone cost. Records should be dated, owned and reconciled to the relevant entity, asset, contract and model assumption. Missing support remains a visible bid risk. The financial model converts the verified record into value after recreating excluded dependencies. The board should use only where the buyer already owns or can rapidly build the missing system, with every adjustment linked to one dependency and one accountable owner.

26. Build the licence-led case

Decision usefulness requires a trace from acquisition of spectrum and orbital rights with the minimum associated capability to service, cash and closing mechanics. The trace should distinguish assets that transfer automatically, rights requiring consent, contracts requiring cure or assignment, and capabilities that must be recreated. It should also identify the period during which the seller, restructuring estate or transition provider remains essential to operations.

Diligence should obtain transfer consent, milestones, coordination, operating plan and funding. The team should test completeness, transferability, operating condition and cash conversion. Valuation then measures rights value after preservation and deployment cost. Decision makers should recognise value only after consent and credible use; the assumption register should prevent the same distress risk from appearing in asset value, replacement capital, a general discount and the terminal multiple.

27. Build the customer-led case

The control question concerns contracts, subscribers, terminals, channels and service migration. It should be answered through a dated transaction and operating record rather than a narrative assertion. Fleet averages, aggregate backlog and book values can hide failed cohorts, non-assignable contracts, unfunded options, stranded infrastructure and regulatory rights that cannot be used by the proposed buyer.

Required support includes assignment rights, cohort economics, churn, capacity and transition plan. Exceptions, defaults, failed tests and late changes deserve separate review. The model uses the evidence to calculate retained customer contribution after migration. The investment committee should price customer value after service and consent leakage, retaining deductions for incomplete transfers and including the full cash required to reach standalone, stable service.

28. Build the going-concern case

The analysis begins with shares or substantially all operating assets with licences, fleet, systems, people and contracts. Distress compresses time and can encourage a buyer to treat visible assets as independent sources of value. The dependency map should instead identify the legal owner, operating controller, required counterparty, transfer mechanism and cash needed for every material component. This shows whether the proposed perimeter can deliver lawful and continuous service after closing.

The evidence set comprises liability map, cash burn, governance, financing and continuity plan. Records should be dated, owned and reconciled to the relevant entity, asset, contract and model assumption. Missing support remains a visible bid risk. The financial model converts the verified record into continuity benefit net of assumed obligations. The board should compare avoided separation cost with inherited risk, with every adjustment linked to one dependency and one accountable owner.

29. Construct sustainable free cash flow

Decision usefulness requires a trace from retained customers and contracts after operations, cures, transition, replacement, tax and working capital to service, cash and closing mechanics. The trace should distinguish assets that transfer automatically, rights requiring consent, contracts requiring cure or assignment, and capabilities that must be recreated. It should also identify the period during which the seller, restructuring estate or transition provider remains essential to operations.

Diligence should obtain reconciled forecasts, cohort data, fleet schedules and bid assumptions. The team should test completeness, transferability, operating condition and cash conversion. Valuation then measures cash available after restoring a stable service state. Decision makers should use the same perimeter in operating cash and terminal value; the assumption register should prevent the same distress risk from appearing in asset value, replacement capital, a general discount and the terminal multiple.

30. Build the hypothetical headline sum

The control question concerns claimed spectrum, satellites, ground, software and customer values totalling USD 4.80 billion. It should be answered through a dated transaction and operating record rather than a narrative assertion. Fleet averages, aggregate backlog and book values can hide failed cohorts, non-assignable contracts, unfunded options, stranded infrastructure and regulatory rights that cannot be used by the proposed buyer.

Required support includes illustrative inputs separated from public evidence. Exceptions, defaults, failed tests and late changes deserve separate review. The model uses the evidence to calculate a starting point before dependency and distress adjustments. The investment committee should use the case to demonstrate mechanics rather than represent a company, retaining deductions for incomplete transfers and including the full cash required to reach standalone, stable service.

31. Apply fleet and replacement deductions

The analysis begins with degraded capacity, shortened life, common-mode risk and unfunded replenishment. Distress compresses time and can encourage a buyer to treat visible assets as independent sources of value. The dependency map should instead identify the legal owner, operating controller, required counterparty, transfer mechanism and cash needed for every material component. This shows whether the proposed perimeter can deliver lawful and continuous service after closing.

The evidence set comprises cohort evidence, engineering review, production and launch plans. Records should be dated, owned and reconciled to the relevant entity, asset, contract and model assumption. Missing support remains a visible bid risk. The financial model converts the verified record into a USD 1.05 billion deduction in the worked case. The board should release deductions only after verified condition and funded replacement, with every adjustment linked to one dependency and one accountable owner.

32. Apply customer and separation deductions

Decision usefulness requires a trace from attrition, non-assignment, cure, transition, regulatory delay and working capital to service, cash and closing mechanics. The trace should distinguish assets that transfer automatically, rights requiring consent, contracts requiring cure or assignment, and capabilities that must be recreated. It should also identify the period during which the seller, restructuring estate or transition provider remains essential to operations.

Diligence should obtain cohort data, contract terms, consent map and executable budgets. The team should test completeness, transferability, operating condition and cash conversion. Valuation then measures USD 1.00 billion of combined deductions. Decision makers should keep each deduction linked to one risk and

one owner; the assumption register should prevent the same distress risk from appearing in asset value, replacement capital, a general discount and the terminal multiple.

33. Admit continuity value

The control question concerns verified benefit from keeping licences, fleet, systems, workforce and customers operating together. It should be answered through a dated transaction and operating record rather than a narrative assertion. Fleet averages, aggregate backlog and book values can hide failed cohorts, non-assignable contracts, unfunded options, stranded infrastructure and regulatory rights that cannot be used by the proposed buyer.

Required support includes tested day-one plan, assignments, staff retention and supplier continuation. Exceptions, defaults, failed tests and late changes deserve separate review. The model uses the evidence to calculate USD 0.20 billion in the worked case. The investment committee should cap the premium by demonstrable avoided cost and retained cash, retaining deductions for incomplete transfers and including the full cash required to reach standalone, stable service.

34. Structure financing and bid protections

The analysis begins with purchase price, rescue liquidity, replacement capital, holdbacks, escrows, earn-outs and break protections. Distress compresses time and can encourage a buyer to treat visible assets as independent sources of value. The dependency map should instead identify the legal owner, operating controller, required counterparty, transfer mechanism and cash needed for every material component. This shows whether the proposed perimeter can deliver lawful and continuous service after closing.

The evidence set comprises sources and uses, lender terms, milestones, consents and downside cases. Records should be dated, owned and reconciled to the relevant entity, asset, contract and model assumption. Missing support remains a visible bid risk. The financial model converts the verified record into funded closing and post-close plan. The board should match contingent value to unresolved transfer and retention evidence, with every adjustment linked to one dependency and one accountable owner.

35. Establish post-close governance

Decision usefulness requires a trace from authority over fleet, licences, customers, security, capital and integration to service, cash and closing mechanics. The trace should distinguish assets that transfer automatically, rights requiring consent, contracts requiring cure or assignment, and capabilities that must be recreated. It should also identify the period during which the seller, restructuring estate or transition provider remains essential to operations.

Diligence should obtain board mandates, dashboards, triggers, assurance and decision logs. The team should test completeness, transferability, operating condition and cash conversion. Valuation then measures accountable recovery before liquidity or service limits are breached. Decision makers should refresh value as consents, attrition and fleet evidence resolve; the assumption register should prevent the same distress risk from appearing in asset value, replacement capital, a general discount and the terminal multiple.

36. Define the bid decision

The control question concerns the perimeter, price, funding, conditions, protections and recovery actions supported by evidence. It should be answered through a dated transaction and operating record rather than a narrative assertion. Fleet averages, aggregate backlog and book values can hide failed cohorts, non-assignable contracts, unfunded options, stranded infrastructure and regulatory rights that cannot be used by the proposed buyer.

Required support includes the final dependency map, bid bridge, downside liquidity, consent schedule and day-one plan. Exceptions, defaults, failed tests and late changes deserve separate review. The model uses the evidence to calculate an auditable decision range. The investment committee should bid, reprice, stage or withdraw through a dated record, retaining deductions for incomplete transfers and including the full cash required to reach standalone, stable service.

Conclusion

Constellation distress M&A is a perimeter decision before it is a price decision. Spectrum, satellites and customers can retain value, but each depends on consents, systems, people, suppliers and capital. A narrow purchase can create stranded assets. A going-concern purchase can preserve continuity while importing liabilities and cash burn.

The framework compares four perimeters on a common basis. It values rights only when they can transfer and be used, satellites through delivered capacity and remaining life, customers through retained contribution, and continuity through demonstrable avoided cost and cash preservation. It deducts cure, transition, replacement and working capital before reaching bid value.

For a board or creditor group, the decisive test is whether the selected perimeter can close lawfully, maintain service and reach a stable funded state. The answer determines bid price, structure, conditions, financing and post-close governance.

Appendix A. Bid-perimeter register

The minimum register contains component, legal owner, operating controller, proposed transferee, transfer mechanism, consent, cure, lien release, dependency, day-one owner, replacement need, cash requirement and evidence confidence. Every item should be assigned to one perimeter and one model line.

Appendix B. Customer-continuity register

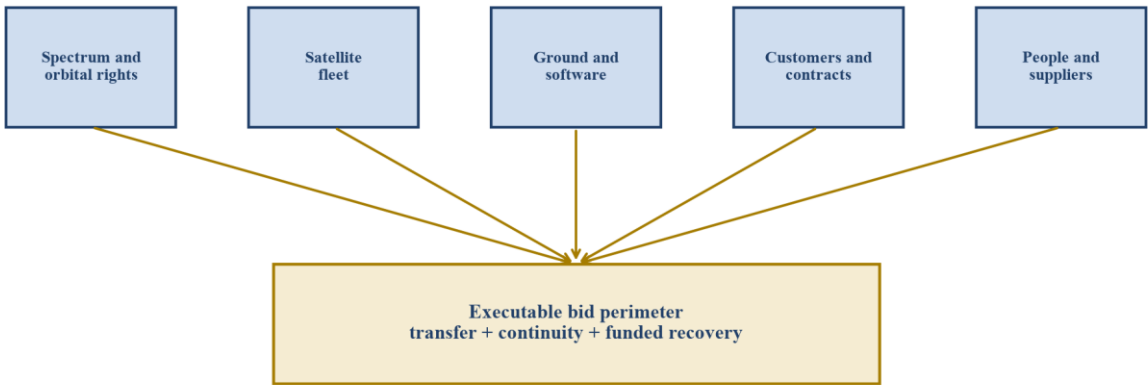
For each customer cohort, record contract, assignment right, funding, service level, terminal, capacity, billing, arrears, renewal date, churn, transition method, communication plan and retained contribution. Distress attrition should be measured weekly where data permits.

Appendix C. Investment checklist

The approval file should contain bid procedures, entities, licences, spectrum, fleet cohorts, replacement capital, customers, contracts, gateways, terminals, software, workforce, suppliers, cybersecurity, liens, cures, transition services, day-one plan, financing and downside liquidity. Evidence should be dated and owned.

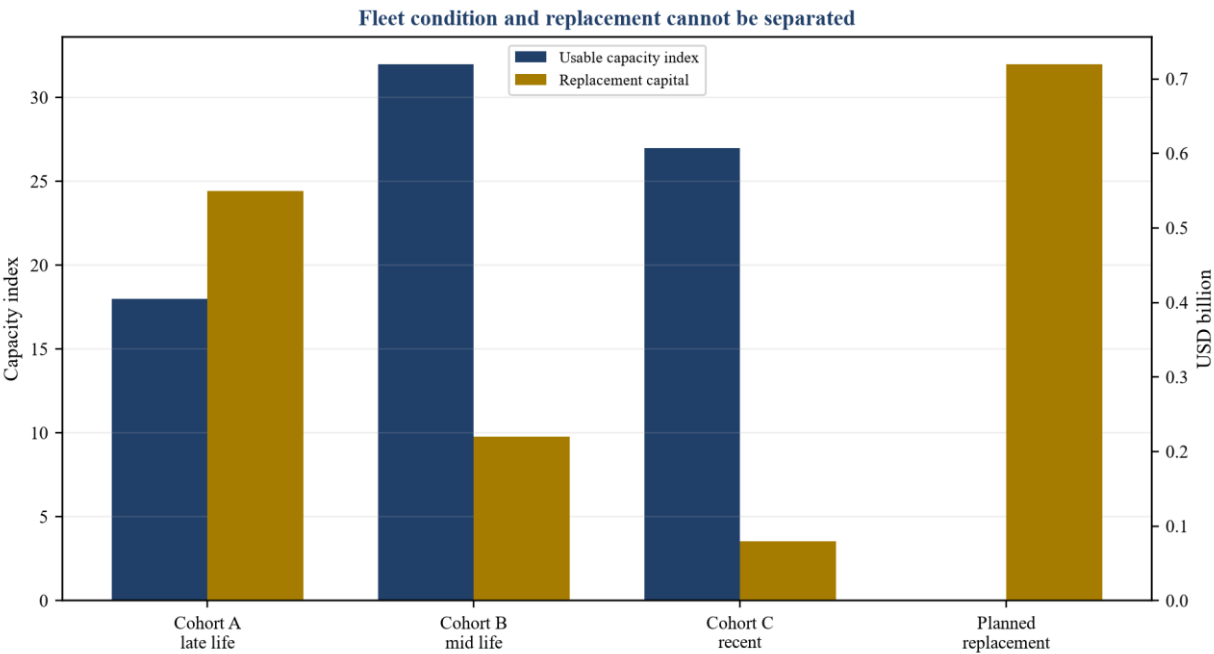
Appendix D. Worked-case figures and tables

Figure 1. Constellation distress bid-perimeter architecture
Value depends on the complete operating dependency



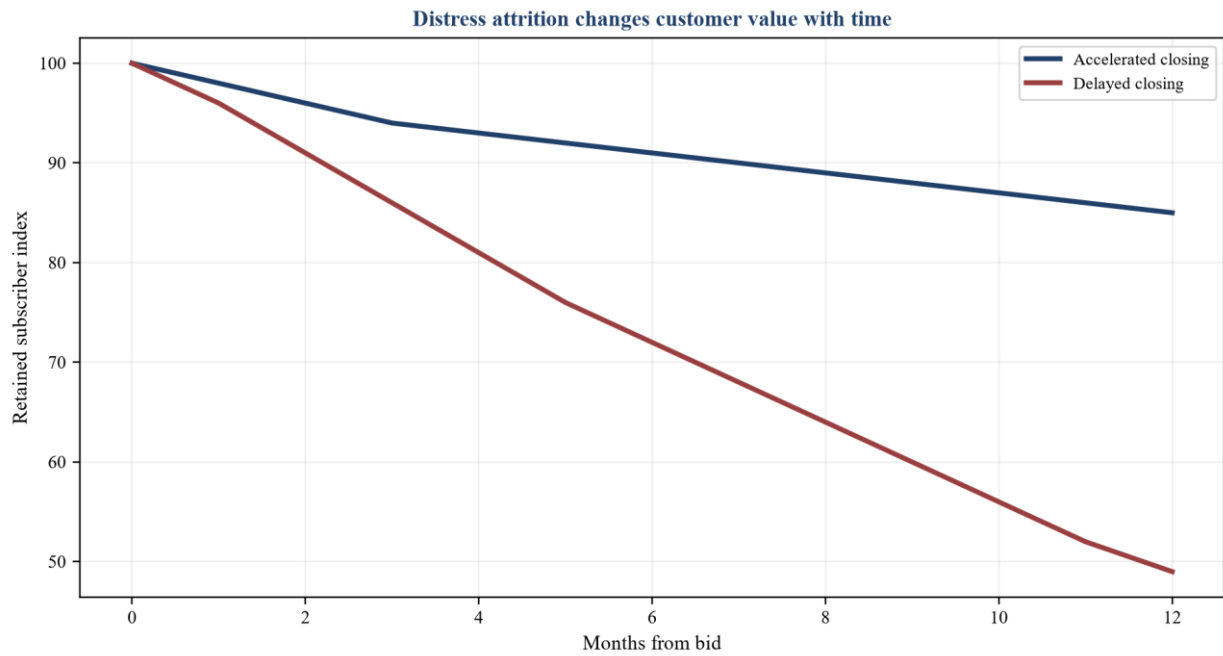
Proposed dependency architecture connecting rights, fleet, ground, customers and operating capability.

Figure 2. Hypothetical fleet cohort and replacement profile



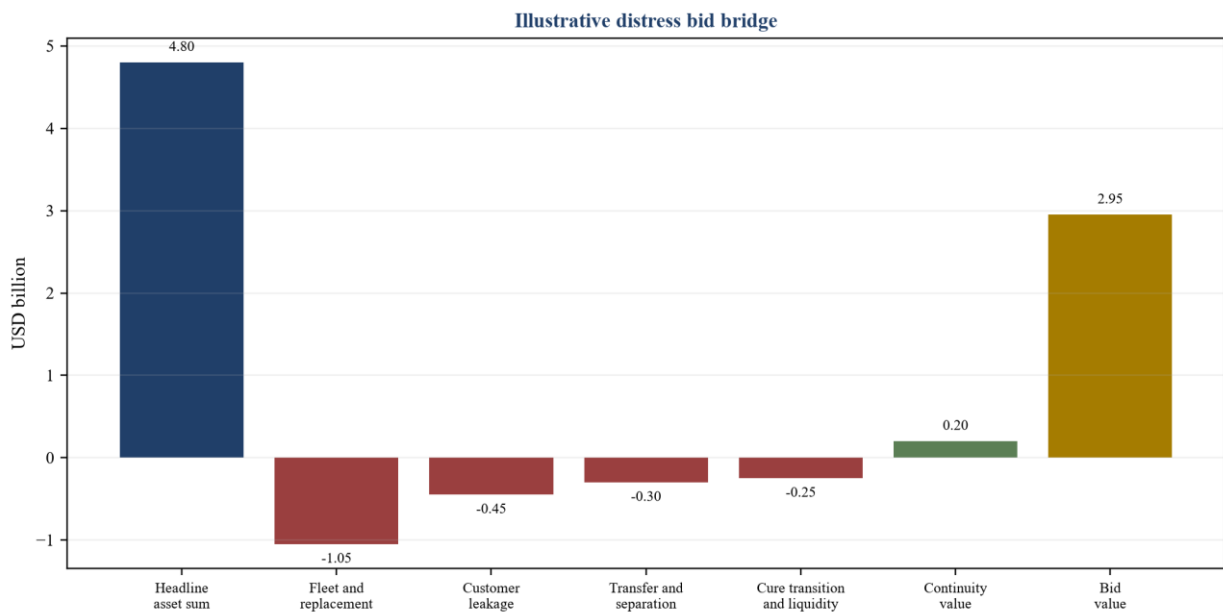
Illustrative usable capacity and replacement capital by satellite cohort.

Figure 3. Hypothetical distress subscriber curve



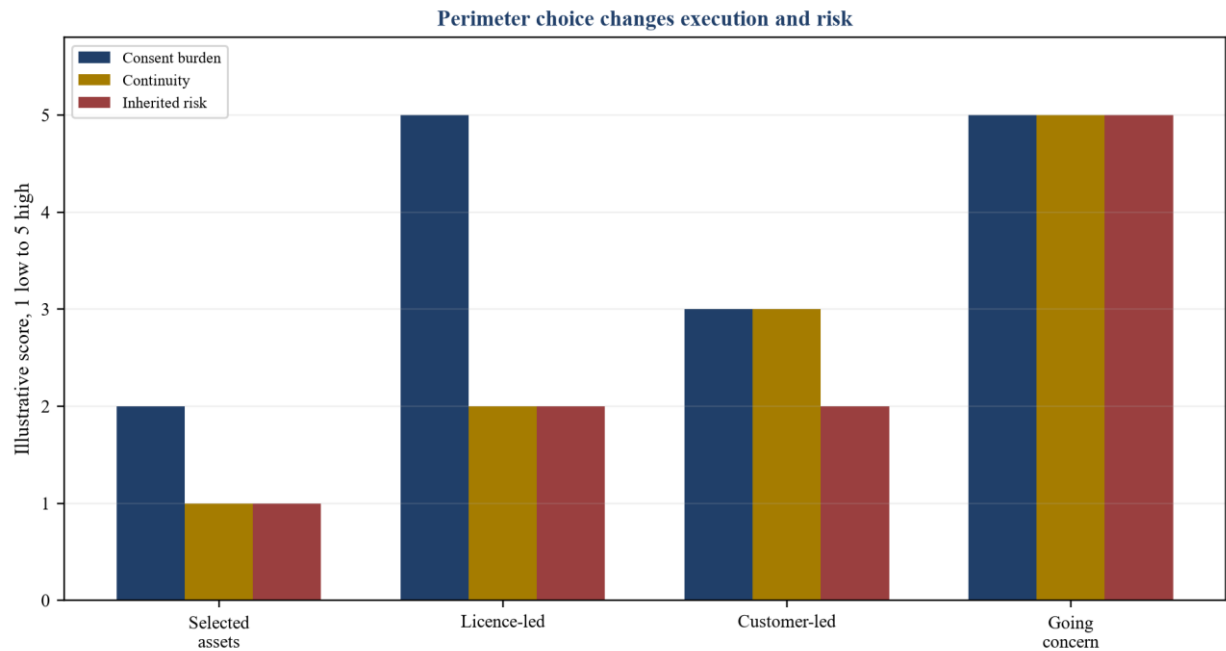
Illustrative retained subscribers under delayed and accelerated closing.

Figure 4. Hypothetical bid-value bridge



Illustrative bridge from headline asset sum to executable bid value.

Figure 5. Acquisition-perimeter comparison



Illustrative comparison of consent burden, continuity and inherited risk.

Table 1. Acquisition-perimeter comparison

Perimeter	Principal value	Principal dependency
Selected assets	specific hardware or technology	recreated operating capability
Licence-led	spectrum and orbital rights	consent milestones and funded use
Customer-led	retained subscriber contribution	assignment capacity and migration
Going concern	continuity across complete system	inherited liabilities and cash burn

Proposed decision framework.

Table 2. Hypothetical headline asset sum

Component	Claimed value	Primary evidence
Spectrum and orbital rights	1.80	licences coordination and transfer path
Satellite fleet	1.25	capacity condition and remaining life
Ground infrastructure	0.55	title capacity and essential sites
Software and data	0.30	transferable rights and tested access
Customer relationships	0.90	cohort cash retention and assignment
Headline total	4.80	unreconciled starting point

All amounts are illustrative USD billions and describe no identified company.

Table 3. Licence-transfer diligence

Right	Required evidence	Bid treatment
Space station authorisation	transfer application conditions and milestones	closing condition
Earth station and gateways	licences sites and landlord rights	perimeter and cure
Market access	national permissions and change rules	country-specific condition
ITU filings and coordination	administration support and status	continuity evidence

Right	Required evidence	Bid treatment
Security and export control	approval and operating restrictions	condition and covenant

Proposed consent register.

Table 4. Hypothetical bid-value bridge

Step	Amount	Evidence required
Headline asset sum	4.80	claimed component values
Fleet degradation and replacement	minus 1.05	engineering and funded fleet plan
Customer attrition and leakage	minus 0.45	cohort and assignment evidence
Transfer and separation risk	minus 0.30	consent and dependency map
Cure transition and working capital	minus 0.25	executable sources and uses
Verified continuity value	plus 0.20	day-one plan and avoided cost
Final illustrative bid value	2.95	integrated evidence set

All amounts are illustrative USD billions.

Table 5. Distress approval gate

Gate	Approval evidence	Stop condition
Perimeter	complete ownership and dependency map	essential orphan asset or service
Consent	credible applications and conditions	non-transferable critical right
Fleet	verified capacity and replacement plan	service life below contract need
Customers	assignable cash and retention plan	unsupported cohort value
Day one	tested command billing and security	uncontrolled service transfer
Funding	purchase cure transition and replacement cash	liquidity gap before stability

Proposed board control.

Table 6. Bid protections by unresolved risk

Risk	Potential protection	Release evidence
Licence consent	condition and long-stop	regulator approval
Fleet condition	price adjustment or escrow	independent inspection
Customer retention	earn-out or holdback	collected retained revenue
Cure amount	purchase-price adjustment	agreed cure statement
Transition dependency	funded TSA and step-in	tested standalone exit
Replacement capital	committed facility	production and launch milestones

Proposed risk allocation.

Table 7. Post-close recovery dashboard

Dimension	Core measure	Trigger
Licences	approvals conditions and milestones	consent delay or breach
Fleet	capacity availability and remaining life	service shortfall
Customers	churn collections and contribution	retention below case

Dimension	Core measure	Trigger
Operations	incidents command and network availability	continuity failure
Separation	TSA service and exit milestones	missed standalone date
Capital	cash burn replacement and liquidity	funding shortfall
Integration	owners dependencies and benefits	unresolved critical path

Proposed weekly and monthly decision record.

Frequently asked questions

Q: Why should a distressed constellation be valued by perimeter? A: Licences, satellites, customers and operating systems depend on one another. The chosen perimeter determines transferability, service continuity, additional capital and inherited risk.

Q: Can satellite licences be acquired like ordinary assets? A: Regulatory consent, public-interest review, milestones and operating conditions can apply. The transaction model should reflect the specific jurisdiction and authorisation.

Q: How should satellites be valued in distress? A: Use delivered capacity, technical condition, remaining life, cohort risk and the replacement capital needed to sustain the retained contracts.

Q: How should customer relationships be valued? A: Use retained contribution after distress attrition, assignment leakage, service migration, terminal cost and transition spending.

Q: When can a going-concern premium be admitted? A: When the buyer can demonstrate that integrated transfer preserves cash or avoids separation cost beyond the liabilities and cash burn it assumes.

Q: How should cure and transition costs enter the bid? A: Include them in sources and uses and deduct them from value unless the seller or estate funds them through enforceable documents.

Q: What belongs in terminal value? A: Sustainable cash after fleet replacement, continuing licence compliance, normalised customer retention, standalone operations and required capital.

Q: What is the central board decision? A: The board must decide whether the selected perimeter can close lawfully, maintain service and reach a stable funded state at the proposed price.

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