

# TERRESTAR NETWORKS INC.

## Summary of Principal Terms and Conditions of Restructuring

October 19, 2010

The terms and conditions set forth in this term sheet (the “Restructuring Term Sheet”) are meant to be part of a comprehensive compromise, each element of which is consideration for the other elements and an integral aspect of the proposed restructuring. The Restructuring Term Sheet is in the nature of a settlement proposal in furtherance of settlement discussions and is entitled to protection from any use or disclosure to any party or person pursuant to Federal Rule of Evidence 408 and any other rule of similar import.

This Restructuring Term Sheet does not constitute an offer of securities or a solicitation of the acceptance or rejection of a chapter 11 plan for the Company. The transactions contemplated by this Restructuring Term Sheet will be subject to the terms and conditions to be set forth in definitive documents acceptable to the Company and the Plan Sponsor. This Restructuring Term Sheet is part of, and will be attached to, the Plan Support Agreement (the “Plan Support Agreement”) among the Company and the Plan Sponsor, and is subject to the terms thereof. This Restructuring Term Sheet can only be amended with each of the parties’ prior written consent.

<b>I. GENERAL/DIP FINANCING</b>	
<b>Company:</b>	TerreStar Networks Inc. (“ <u>TSN</u> ” and, as reorganized pursuant to the Plan (as defined below), “ <u>Reorganized TSN</u> ”) and its affiliates, Motient Holdings Inc., Motient Communications Inc., Motient License Inc., Motient Services Inc., TerreStar New York Inc., MVH Holdings Inc., Motient Ventures Holdings Inc., TerreStar National Services Inc. and TerreStar License Inc., TerreStar Networks Holdings (Canada) Inc., TerreStar Networks (Canada) Inc., and 0887729 B.C. Ltd. (together with TSN, the “ <u>TSN Debtors</u> ” and, as reorganized pursuant to the Plan, the “ <u>Reorganized TSN Debtors</u> ”), TerreStar Corporation and TerreStar Holdings, Inc. (the “ <u>TSC Entities</u> ” and together with the TSN Debtors, the “ <u>Company</u> ”).
<b>Plan Sponsor:</b>	EchoStar Corporation (“ <u>EchoStar</u> ” or the “ <u>Plan Sponsor</u> ”)

<p><b>Restructuring Transaction:</b></p>	<p>Subject to the terms hereof, the TSN Debtors shall restructure their capital structure (the “<u>Restructuring</u>”) through a prenegotiated plan of reorganization (the “<u>Plan</u>”) to be confirmed in bankruptcy cases (the “<u>Chapter 11 Cases</u>”) to be commenced by the TSN Debtors by filing voluntary petitions under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the “<u>Bankruptcy Court</u>”).</p> <p>In addition, TSN, as foreign representative to the TSN Debtors, shall commence recognition proceedings on behalf of the TSN Debtors before the Ontario Superior Court of Justice (Commercial List) (the “<u>Canadian Court</u>”) pursuant to Part IV of the Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended.</p>
<p><b>DIP Financing:</b></p>	<p>EchoStar shall provide debtor-in-possession financing to the TSN Debtors through a \$75 million non-amortizing multiple draw term loan facility (the “<u>DIP Facility</u>”), on the terms and conditions set forth in the Debtor-In-Possession Credit, Security &amp; Guaranty Agreement annexed to the Plan Support Agreement as <u>Exhibit B</u> (the “<u>DIP Agreement</u>”). As set forth in further detail in the DIP Agreement, the claims of the DIP Lenders (inclusive of accrued and unpaid principal and interest, fees, expenses and other obligations and charges under the DIP Facility, the “<u>DIP Claims</u>”) shall be secured by: (i) a first priority lien on any of the TSN Debtors’ assets that are not currently encumbered by liens securing the TSN Debtors’ obligations under the 15% Senior Secured PIK Notes or the Purchase Money Credit Agreement (the “<u>PMCA</u>”); and (ii) a second priority lien on all other assets of the TSN Debtors.</p>
<p><b>II. TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN</b></p>	
<p><b>DIP Claims</b></p>	<p>The DIP Facility will be repaid in cash.</p>
<p><b>Administrative Expense Claims:</b></p>	<p>Administrative Expense Claims will be repaid in cash.</p>
<p><b>15% Senior Secured PIK Notes Claims:</b></p>	<p>Each holder of an allowed 15% Senior Secured PIK Notes Claim shall receive its pro rata share of 97% of: (i) the New Common Stock (as defined below); and (ii) Rights to purchase New Preferred Stock (as defined below).</p>

<b>PMCA Claims:</b>	The PMCA Claims will be repaid in cash or, if the holders of PMCA Claims consent in their sole discretion, reinstated.
<b>Other Secured Claims and Priority Claims:</b>	Each allowed priority claim or secured claim (other than a 15% Senior Secured PIK Noteholder Claim or PMCA Claim) shall, at the option of the TSN Debtors, with the consent of the Plan Sponsor, be paid: (i) in cash in full on the later of (x) the Effective Date and (y) the date such claim becomes due and payable in the ordinary course of business; (ii) in cash on such other terms and conditions as may be agreed between the holder of such claim, the TSN Debtors and the Plan Sponsor; or (iii) in deferred cash payments, to the extent permissible under the Bankruptcy Code.
<b>Unsecured Claims:</b>	Each holder of any allowed unsecured claim against any TSN Debtor, including without limitation, an Exchangeable PIK Notes Claim, a trade claim or claim arising out of the rejection of executory contracts or unexpired leases by any Debtor (the “ <u>Unsecured Claims</u> ”), shall receive, in the aggregate, 3% of: (i) the New Common Stock (as defined below); and (ii) either (a) to the extent such Unsecured Claim holder is eligible pursuant to the securities laws to participate in the Rights Offering, Rights to purchase New Preferred Stock (as defined below) or (b) to the extent such Unsecured Claim holder is not eligible to participate in the Rights Offering pursuant to the securities laws, cash or New Common Stock (at the Debtors’ sole option) equal to the amount of the value of the Rights; <u>provided</u> , that, in all events, holders of Other Unsecured Claims (as defined below) may elect to reduce their respective Other Unsecured Claims to the amount of \$[____] and have such claims treated as Convenience Claims (defined below) (collectively, the “ <u>Unsecured Distribution</u> ”).
<b>Exchangeable PIK Notes Claims:</b>	Each holder of an Exchangeable PIK Notes Claim shall receive its pro rata share of that portion of the Unsecured Distribution that is allocated to holders of Exchangeable PIK Note Claims, which allocation shall be equal to or more than 1% of: (i) the New Common Stock (as defined below); and (ii) Rights to purchase New Preferred Stock (as defined below).
<b>Other Unsecured Claims:</b>	Each holder of any allowed unsecured claim against any TSN Debtor, other than an Exchangeable PIK Notes Claim, including without limitation, a trade claim or claim

	<p>arising out of the rejection of executory contracts or unexpired leases by any Debtor (the “<u>Other Unsecured Claims</u>”), shall receive its pro rata share of that portion of the Unsecured Distribution that is allocated to Other Unsecured Claims. Such allocation shall be determined after a reconciliation of material Other Unsecured Claims and will give effect to the “structural seniority” of certain of the Exchangeable PIK Notes Claims.</p>
<b>Convenience Claims:</b>	<p>Each holder of: (a) an allowed Other Unsecured Claim against any TSN Debtor in an amount of \$[_____] or less; or (b) an allowed Other Unsecured Claim against any TSN Debtor in an amount in excess of \$[_____] , which the holder thereof elects to have reduced to \$[_____] and treated in accordance with this paragraph (a “<u>Convenience Claim</u>”), shall receive cash in an amount equal to such holder’s Convenience Claim.</p>
<b>Existing Equity:</b>	<p>Existing Equity of the TSN Debtors shall receive no distributions on account of their interests.</p>
<b>Releases and Exculpations:</b>	<p>The Plan will include derivative releases, mutual third-party releases and exculpation provisions.</p>
<b>III. RIGHTS OFFERING</b>	
<b>Rights Offering:</b>	<p>As part of the Restructuring, there shall be a rights offering (the “<u>Rights Offering</u>”) for shares of New Preferred Stock (as defined below) in the amount of (a) \$125 million (the “<u>Rights Offering Amount</u>”). In connection with the Rights Offering: (a) each holder of an allowed 15% Senior Secured PIK Notes Claim shall receive its pro rata share (based on such holder’s proportionate ownership of the 15% Senior Secured PIK Notes) of rights (“<u>Rights</u>”) to purchase 97% of the New Preferred Stock issued in connection with the Rights Offering; (b) each holder of an allowed Exchangeable PIK Notes Claim shall receive its pro rata share (based on such holder’s proportionate ownership of the Exchangeable PIK Notes) of Rights to purchase [__]% of the New Preferred Stock issued in connection with the Rights Offering; and (c) each holder of an allowed Other Unsecured Claim shall receive its pro rata share of Rights to purchase [__]% of the New</p>

	<p>Preferred Stock issued in connection with the Rights Offering.<sup>1</sup></p> <p>The New Preferred Stock shall be issued at a price (the “<u>Discount Purchase Price</u>”) reflecting a 35% discount to the net distributable value under the Plan of approximately \$1.050 billion (the “<u>Plan Value</u>”). The Discount Purchase Price assumes that the PMCA Credit Facility will be the only indebtedness outstanding at emergence. The proceeds of the Rights Offering shall be used to fund certain payment obligations of the Company under the Plan and/or to provide working capital for the Reorganized TSN Debtors.</p> <p>The Rights shall only be transferrable with the underlying claim (i.e., they shall not be separately detachable). Any such transfer shall be subject to a right of first refusal (in each case, a “<u>ROFR</u>”) of the Plan Sponsor. The Rights shall not be listed or quoted on any public or over-the-counter exchange or quotation system.</p>
<p><b>Rights Offering Backstop:</b></p>	<p>The Plan Sponsor hereby commits and, subject to the terms hereof, shall enter into definitive documentation to (a) participate in the Rights Offering by purchasing that number of shares of New Preferred Stock corresponding to its current proportionate ownership of the 15% Senior Secured PIK Notes and the 6.5% Exchangeable Notes Claims, and (b) purchase all shares of New Preferred Stock to which the holders of Rights do not subscribe in connection with the Rights Offering (such shares, the “<u>Rights Offering Residual Shares</u>”); <u>provided</u>, that notwithstanding the foregoing, the Plan Sponsor shall not be required to purchase in excess of \$100 million of New Preferred Stock, or such other greater amount as may be agreed upon by the Parties (the “<u>Backstop Amount</u>”); <u>provided, further</u>, that if, and to the extent that, at the time the Rights Offering is commenced, the Rights Offering Amount exceeds the Backstop Amount (i.e., there are shares of New Preferred Stock to be issued in connection with the Rights Offering that are not subject to the Plan Sponsor’s backstop obligations described herein (such shares, the “<u>Non-Backstopped Shares</u>”)), participants in the Rights Offering may, subject to a right of first refusal of the Plan Sponsor with respect to the Non-Backstopped</p>

<sup>1</sup> The percentage of Rights to purchase New Preferred Stock issued in connection with the Rights Offering to holders of Unsecured Claims will be determined in the same manner as the percentage of New Common Stock issued to such holders.

	<p>Shares, elect to purchase the Non-Backstopped Shares on a pro rata basis.</p> <p>The Plan Sponsor shall be:</p> <ul style="list-style-type: none"> <li>(a) entitled to receive a commitment fee equal to 3% of the Backstop Amount (the “<u>Backstop Commitment Fee</u>”) in Additional Shares of New Preferred Stock at the Discount Purchase Price. “Additional Shares” means shares of New Preferred Stock issued by TSN other than in connection with the Rights Offering;</li> <li>(b) offered the option, in its sole discretion, to purchase up to \$25 million of Additional Shares of New Preferred Stock at the Discount Purchase Price (the “<u>Overallotment</u>”) within 10 days of the conclusion of the subscription period; and</li> <li>(c) granted a ROFR on any Rights transferred by a holder of 15% Senior Secured PIK Notes Claims, 6.5% Exchangeable PIK Notes Claims, or Other Unsecured Claims.</li> </ul>
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**IV. CORPORATE GOVERNANCE AND MANAGEMENT**

<p><b>Board of Directors:</b></p>	<p>The initial Board of Directors of Reorganized TSN (the “<u>Initial TSN Board</u>”) shall consist of seven members selected by Plan Sponsor. The members of the Initial TSN Board shall be designated at least ten (10) days prior to the hearing on confirmation of the Plan. The members of the Initial TSN Board shall also serve as the members of the initial Boards of Directors of the other Reorganized TSN Debtors. Successor directors of each Reorganized TSN Debtor will be appointed and/or elected in accordance with the applicable Reorganized TSN Debtor’s charter and by-laws.</p>
<p><b>Chief Executive Officer:</b></p>	<p>The initial Chief Executive Officer (“<u>CEO</u>”) of Reorganized TSN shall be one of the members of the Initial TSN Board, and shall be selected by the Initial TSN Board. The CEO of Reorganized TSN shall also serve as the initial CEO of each other Reorganized TSN Debtor.</p>
<p><b>Employee Incentives/Senior Management</b></p>	<p>As part of the overall restructuring, the Plan Sponsor recognizes and understands the importance of ensuring that the Debtors’ chapter 11 operations continue to be managed in a manner that maximizes value for the estates. In that regard, the Plan Sponsor will support a motion seeking</p>

	<p>authority for the Debtors to provide an employee incentive plan (materially consistent in form and substance with the compensation arrangements currently being negotiated by the parties hereto), which will include terms and conditions regarding compensation and/or severance for senior management after the Effective Date.</p>
<b>New Common Stock:</b>	<p>Reorganized TSN shall issue one class of common stock, par value \$0.01 per share (the “<u>New Common Stock</u>”). The New Common Stock shall be exempt from registration pursuant to section 1145 of the Bankruptcy Code.</p> <p>97% of the New Common Stock shall be issued to the holders of allowed 15% Senior Secured PIK Notes Claims, on a pro rata basis (based on such holders’ respective ownership of the 15% Senior Secured PIK Notes).</p> <p>[ ]% of the New Common Stock shall be issued to holders of allowed Other Unsecured Claims, on a pro rata basis.</p> <p>[ ]% of the New Common Stock shall be issued to holders of allowed Exchangeable PIK Notes Claims, on a pro rata basis (based on such holders’ respective ownership of the Exchangeable PIK Notes).<sup>2</sup></p> <p>The New Common Stock shall be subject to dilution by the issuance of the New Preferred Stock.</p>
<b>Company Status:</b>	<p>The Reorganized TSN Debtors shall be private (non-reporting) companies. The New Common Stock will: (i) not be registered; (ii) not be listed on any national exchange; and (iii) be transferable by the recipients thereof under the Plan pursuant to the exemption from registration granted by section 1145(c) of the Bankruptcy Code (except with respect to any such recipient deemed to be an “underwriter”).</p>
<b>New Preferred Stock:</b>	<p>Reorganized TSN shall issue one class of preferred stock (the “<u>New Preferred Stock</u>”). The New Preferred Stock, which (other than its liquidation preference) shall have the same economic and voting rights as the Common Stock on an “as converted” basis, shall be issued to participants in the Rights Offering and, if exercised in the Plan Sponsor’s sole discretion, the Overallotment. All shares of New Preferred Stock shall be: (i) issued at the Discount Purchase Price; (ii) exempt from registration pursuant to</p>

<sup>2</sup> The 3% of New Common Stock to be issued to holders Unsecured Claims shall be allocated to holders of Exchangeable PIK Notes Claims and holders of Other Unsecured Claims on terms to be agreed upon at a later date.

	<p>section 1145 of the Bankruptcy Code; and (iii) freely convertible into New Common Stock at the option of the holder.</p> <p> Holders of New Preferred Stock shall be entitled to participate in dividends paid to holders of New Common Stock on an “as converted” basis.</p> <p>The voting rights of the New Preferred Stock and New Common Stock shall be identical. Holders of New Preferred Stock shall be entitled to vote on an “as converted” basis (together with holders of New Common Stock) on any matter or transaction on which the New Common Stock is entitled to vote.</p> <p>Upon any merger, consolidation, change in control, liquidation, dissolution or winding up of Reorganized TSN, the holders of the New Preferred Stock shall be entitled to receive, in preference to the holders of the Common Stock, a per share amount equal to the greater of (a) 155% of the Discount Purchase Price plus any accrued but unpaid dividends, and (b) the “as converted” value of the New Preferred Stock. After the payment of such amount to the holders of the New Preferred Stock, the remaining assets of Reorganized TSN shall be distributed ratably to the holders of the New Common Stock and the New Preferred Stock.</p>
<p><b>Registration Rights Agreement:</b></p>	<p>On the Effective Date, Reorganized TSN and the 15% Senior Secured PIK Noteholders shall enter into a Registration Rights Agreement, which, without limitation, shall provide for (i) “piggy-back” registration rights for the New Common Stock (with customary exceptions, including Reorganized TSN’s initial public offering); (ii) following the initial public offering of Reorganized TSN, for those holders of New Common Stock that cannot sell freely under Rule 144 of the Securities Act of 1933, as amended, S-3 or “short-form” demand registration rights for the New Common Stock (with customary limitations); (iii) information rights, including the right of prospective purchasers of the New Common Stock to obtain non-public information upon execution of a confidentiality agreement; and (iv) preemptive rights (with customary exceptions).</p>
<p><b>V. OTHER TERMS</b></p>	
<p><b>Conditions Precedent To Effective Date:</b></p>	<p>Conditions precedent to the occurrence of the Effective Date of the Plan, each of which may be waived in writing by the Plan Sponsor, shall include, but not be limited to,</p>



the following:

- (a) an order confirming the Plan (the “Confirmation Order”), in a form that is satisfactory to the Plan Sponsor, shall have been entered by the Bankruptcy Court and shall have become a final order, not subject to a stay;
- (b) the TSN Debtors shall have executed and delivered appropriate definitive documentation regarding the Restructuring, including, without limitation, (i) the amended and restated certificates of incorporation and by-laws of the Reorganized TSN Debtors (which documents shall contain provisions: (a) limiting the transfer of the New Common Stock to ensure that Reorganized TSN remains a private company; and (b) requiring no more than majority approval to amend such documents); and (ii) the Registration Rights Agreement, each in a form that is satisfactory to the TSN Debtors and the Plan Sponsor;
- (c) A decision released by the FCC or a bureau or subdivision thereof (an “FCC Order”) approving the transfer of control to the Plan Sponsor over the licenses and authorizations held by the TSN Debtors, and all other governmental, regulatory and third party licenses, approvals, waivers and/or consents required under applicable law to consummate the transactions contemplated by the Plan, including without limitation the Industry Canada Approval (defined below), shall have been obtained and shall be final and in full force and effect without any condition or requirement that would reasonably be expected to have, individually or in the aggregate, a material impact on the current or future business operations of the Plan Sponsor. In addition, the FCC shall not have reconsidered the FCC Order on its own motion within 30 days (or, if released by a bureau or other subdivision of the FCC, within 40 days) of its release, and the FCC and the courts will have denied all petitions for reconsideration, applications for review and appeals (collectively, “Appeals”) of the FCC Order (or of an FCC or court order affirming the FCC Order), or the periods for filing such Appeals have passed and no Appeal has been filed. Moreover, there shall exist no claim, action, suit, investigation, litigation or proceeding, pending or threatened in any court or before any arbitrator or governmental

	<p>instrumentality, which would prohibit the transactions contemplated by the Plan;</p> <p>(d) The prior approval of the Minister of Industry (the “<u>Industry Canada Approval</u>”) approving the transfer of control of TerreStar Canada to the Plan Sponsor or, at the option of the Plan Sponsor, the transfer or assignment of the licenses and authorizations held by the TSN Debtors to a party designated by the Plan Sponsor that is eligible to hold such licenses, to the extent required by applicable law, including the licenses and authorizations, to consummate the transactions contemplated by the Plan, shall have been obtained and shall be final and in full force and effect without any condition or requirement that would reasonably be expected to have, individually or in the aggregate, a material impact on the current or future business operations of the Plan Sponsor. In addition, the courts will have denied all applications for judicial review or other court challenges to the Industry Canada Approval or appeals of any court order upholding the Industry Canada Approval or the periods for filing such appeals have passed and no appeal has been filed.</p> <p>(e) the TSN Debtors shall have cash on hand as of the Effective Date of at least \$5 million; and</p> <p>(f) no Sponsor Termination Event or Company Termination Event (each as defined below) shall have occurred that shall not have been waived by the Plan Sponsor or the Company, as applicable.</p>
<p><b>Sponsor Termination Events:</b></p>	<p>This Restructuring Term Sheet shall be terminated and all of the obligations of the parties hereto shall be of no further force or effect, in the event (each, a “<u>Sponsor Termination Event</u>”) that any of the following occurs:</p> <p>(a) the TSN Debtors shall fail to (i) commence the Chapter 11 Cases or (ii) file the Plan and Disclosure Statement on or prior to November 5, 2010;</p> <p>(b) the Company shall fail to file, jointly with the Plan Sponsor and in form and content acceptable to Plan Sponsor, all necessary applications for approval of the transfers of control over all the FCC licenses and authorizations held by Company that are contemplated by the Plan, and all required notifications to the FCC, or shall fail to collaborate</p>

	<p>with the Plan Sponsor to allow timely preparation of such applications and notifications, on or prior to December 14, 2010;</p> <p>(c) the Company shall fail to file, in form and content acceptable to the Plan Sponsor, all applications necessary to obtain Industry Canada approval of the transfers or assignments of all the Industry Canada licenses and authorizations held by Company that are contemplated by the Plan, and any required notifications to Industry Canada, or shall fail to collaborate with the Plan Sponsor to allow timely preparation of such applications and notifications, on or prior to December 14, 2010;</p> <p>(d) any of the pleadings filed by the TSN Debtors seeking customary “first day” relief, including, without limitation, terms for retention of professionals in the Chapter 11 Cases and any of the Bankruptcy Court orders entered in connection therewith, or any of the recognition pleadings filed by the TSN Debtors with the Canadian Court, are not, in form and substance, satisfactory to the Plan Sponsor;</p> <p>(e) an Event of Default under the DIP Facility;</p> <p>(f) (i) the TSN Debtors shall not have filed a motion to assume the Plan Support Agreement within one (1) day after the date of commencement of the Chapter 11 Cases (the “<u>Petition Date</u>”); (ii) the Bankruptcy Court shall not have entered an order authorizing the TSN Debtors’ assumption of the Plan Support Agreement on or before the date that is thirty-five (35) days after the Petition Date; or (iii) the Plan Support Agreement shall have been terminated or rejected by the TSN Debtors or the Company;</p> <p>(g) the Disclosure Statement shall not have been approved by final order of the Bankruptcy Court on or before December 14, 2010;</p> <p>(h) a Bankruptcy Court hearing on confirmation of the Plan shall not have commenced on or before January 31, 2011;</p> <p>(i) a final, non-appealable order by the Bankruptcy Court confirming the Plan shall not have been</p>
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	<p>entered on or before February 14, 2011;</p> <p>(j) the Effective Date shall not have occurred later than two Business Days after all conditions to consummation have been satisfied and, in any event, shall occur no later than May 31, 2011, or such later date as may be mutually agreed by the Parties;</p> <p>(k) upon the request of the Plan Sponsor, (a) within seven days of the issuance of any order in the Bankruptcy Court, a corresponding recognition order, in form and substance reasonably acceptable to the Plan Sponsor shall not have been entered in the Canadian Court, or (b) such order shall not have become final and non-appealable within twenty-one (21) days after entry of such order by the Canadian Court;</p> <p>(l) the Company shall enter into any material contractual obligations or any material settlements, without the prior written consent of the Plan Sponsor;</p> <p>(m) there shall be any material modification to any terms of the Restructuring that is inconsistent with the terms and conditions set forth in this Restructuring Term Sheet, without the prior written consent of the Plan Sponsor;</p> <p>(n) the Company shall withdraw, or file a motion to withdraw, the Plan or submit an amended plan of reorganization or liquidation that is adverse to the Plan Sponsor or inconsistent with the terms and provisions of this Restructuring Term Sheet;</p> <p>(o) any event, development or circumstance (other than any event, development or circumstance arising from or relating to the Chapter 11 Cases) shall have occurred on or after June 30, 2010 that, either alone or in combination, has had or could reasonably be expected to have a material adverse effect on the business, operations, assets, liabilities, or condition (financial or otherwise) of the TSN Debtors taken as a whole or the Reorganized TSN Debtors taken as a whole;</p> <p>(p) a trustee, responsible officer, or an examiner with powers beyond the duty to investigate and report, as set forth in subclauses (3) and (4) of clause (a) of section 1106 of the Bankruptcy Code shall have been</p>
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	<p>appointed under section 1104 of the Bankruptcy Code for service in the Chapter 11 Cases;</p> <p>(q) the Chapter 11 Cases shall have been converted to cases under chapter 7 of the Bankruptcy Code; or</p> <p>(r) the Company shall have breached any material provision of this Restructuring Term Sheet.</p> <p>The foregoing Sponsor Termination Events are intended solely for the benefit of the Plan Sponsor.</p> <p>Upon the occurrence of any of the Sponsor Termination Events, this Restructuring Term Sheet shall terminate automatically upon (x) the seventh (7th) business day after the occurrence of such Sponsor Termination Event set forth in subparagraphs (a), (b), (c), (e), (f), (g), (h), (i), (j), (k), (l), (m), (q) and (r) above, unless waived in writing by the Plan Sponsor, in its sole discretion before the expiration of such waiver period; or (y) in case of the Sponsor Termination Events set forth in subparagraphs (d), (n), (o), and (p) above, (i) written notice of such Termination Event provided to the Company by the Plan Sponsor; provided that the Company hereby agree to waive the requirement that the automatic stay under section 362 of the Bankruptcy Code be lifted in connection with giving such notice (and not to object to the Plan Sponsor seeking to lift the automatic stay in connection with giving such notice, if necessary); and (ii) such Sponsor Termination Event remaining uncured for at least five (5) days following the delivery of notice thereof.</p>
<p><b>Company Termination Events:</b></p>	<p>This Restructuring Term Sheet may be terminated by the Company and all of the obligations of the parties hereto shall be of no further force or effect, in the event that (i) the Plan Sponsor shall have breached any material provision of this Restructuring Term Sheet; or (ii) the Chapter 11 Cases shall have been converted to cases under chapter 7 of the Bankruptcy Code (the “<u>Company Termination Events</u>”).</p> <p>The foregoing Company Termination Events are intended solely for the benefit of the Company.</p> <p>Upon the occurrence of a Company Termination Event, the termination of this Restructuring Term Sheet shall be effective upon (i) written notice being provided to the Plan Sponsor by the Company; and (ii) such breach (if applicable) remaining uncured for at least five (5) days</p>

	following the Plan Sponsor's receipt of such notice.
<b>Expenses:</b>	The Company will reimburse the Plan Sponsor, the 15% Senior Secured PIK Notes Indenture Trustee, and the PMCA Agent for all reasonable, actual and documented out-of-pocket expenses incurred by such parties in connection with the Restructuring and the Rights Offering, including, but not limited to, the fees and expenses of such entities' counsel and financial advisors.
<b>Executory Contracts and Unexpired Leases:</b>	The Company and the Plan Sponsor shall mutually agree on the disposition of Material Contracts and Leases (as defined below), which disposition (e.g., rejection, assumption or termination) shall be set forth in the Plan. Prior to confirmation of the Plan, the Company shall not make any motion to assume or reject a Material Contract or Lease without the consent of the Plan Sponsor. A "Material Contract or Lease" shall mean any agreement, lease, user agreement or other type of contract of one or more of the TSN Debtors (a) where consideration has been or will be paid or received by Company or any of its affiliates in excess of \$100,000 in any twelve month period or in excess of \$1,000,000 over the remaining term, (b) with an affiliate, or (c) that relates to the sale, lease or use of spectrum, capacity or satellites (other than as contemplated by the Agreed Budget (i.e., the AT&T Genus business)).
<b>No Waiver:</b>	Nothing in this Restructuring Term Sheet shall affect in any way, or be deemed a waiver of, any of the rights of (i) any of the holders of the 15% Senior Secured PIK Notes Claims or PMCA Claims, or (ii) the Company, under any applicable instrument, document or law.
<b>Governing Law:</b>	State of New York.
<b>Bankruptcy Rule 9019:</b>	Pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure, the Company and Plan Sponsor hereby acknowledge that this Restructuring Term Sheet, the Plan Support Agreement, and the Plan contemplated hereby and thereby (the "Proposed Plan") are part of a good faith compromise and settlement of all claims and controversies relating to the rights of the Company and the Plan Sponsor, including without limitation disputed issues relating to lien priority and collateral valuation. Nothing in this Restructuring Term Sheet, the Plan Support Agreement, or the Proposed Plan shall be deemed an admission of any kind. Pursuant to Federal Rule of Evidence 408 and any applicable state rules of evidence, this Restructuring Term Sheet, the Plan Support Agreement, and the Proposed Plan and all negotiations relating thereto shall not be admissible into evidence in any proceeding unless and until the Proposed Plan is consummated, and then only in

	<p>accordance with the terms of the Proposed Plan. In the event the Proposed Plan is not consummated, provisions of this Restructuring Term Sheet, the Plan Support Agreement, and the Proposed Plan shall be of no effect.</p> <p>The Company and the Plan Sponsor further agree that the Plan and Disclosure Statement shall contain appropriate provisions to reflect the foregoing acknowledgments and agreements.</p>
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**Exhibit B**

**DIP Agreement**

A copy of the DIP Agreement is attached as Exhibit B to the Motion of the Debtors for Interim and Final Orders Under Sections 105, 361, 362, 363(c), 364(c)(1), 364(c)(2), 364(c)(3), 364(e) and 507 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001 and 9014: (I) Authorizing Debtors to Obtain Postpetition Financing; (II) Authorizing Debtors to Use Cash Collateral; (III) Granting Adequate Protection to Prepetition Secured Parties; and (IV) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001(b) and (c).



## **Exhibit C**

### **Joinder**

The undersigned (“Transferee”) hereby acknowledges that it has read and understands the Plan Support Agreement, dated as of October 19, 2010 (the “Agreement”), by and among TerreStar Networks Inc. (the “Company”), on behalf of itself and its affiliated Debtors, EchoStar Corporation (“Transferor”), and the other holders of claims against, and equity interests in, the Company signatory thereto, and agrees to be bound by the terms and conditions thereof to the extent Transferor was thereby bound, and shall be deemed a “Party” and a “Plan Sponsor” under the terms of the Agreement, as if an original signatory thereto.

Dated: \_\_\_\_\_, 2010

[Transferee's Name]

\_\_\_\_\_

Title: \_\_\_\_\_

**Schedule 1**

**Plan Sponsors' Claims and Interests**

**[REDACTED]**