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Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from prospectus requirements for first trade of securities acquired under merger

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 61, 76

Multilateral Instrument 45-102 *Resale of Securities*, s. 2.14

**IN THE MATTER OF The Securities Legislation of British Columbia,
Alberta, Saskatchewan, Ontario, Quebec, Newfoundland and Labrador,
Nova Scotia, the Yukon Territory, the Northwest Territories and Nunavut**

**AND IN THE MATTER OF The Mutual Reliance Review System For
Exemptive Relief Applications**

**AND IN THE MATTER OF General Motors Corporation and HEC
Holdings, Inc.**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of Quebec and the Yukon Territory (together, the “Distribution Relief Jurisdictions”) has received an application from General Motors Corporation (“GM”) and HEC Holdings, Inc. (“Hughes Holdings”) for a decision under the securities legislation (the “Legislation”) of each of the Distribution Relief Jurisdictions that the requirements contained in the Legislation to be registered to trade in a security (the “Registration Requirements”) and to file and obtain a receipt for a preliminary prospectus and a prospectus (the “Prospectus Requirements”) in respect of such security shall not apply to trades to holders of GM common stock and EchoStar Communications Corporation (“EchoStar”) Class A common stock in connection with the transactions described below, subject to certain conditions;

AND WHEREAS the Decision Maker in each of British Columbia, Alberta, Saskatchewan, Ontario, Newfoundland and Labrador, Nova Scotia, the Yukon Territory, the Northwest Territories and Nunavut (collectively, the “Resale Relief Jurisdictions”) has received an application from GM and Hughes Holdings for a decision under the Legislation of each of the Resale Relief Jurisdictions that the first trade in a security acquired pursuant to the transactions described below shall not be a distribution;

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AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the Quebec Securities Commission is the principal regulator for this application:

AND WHEREAS GM and Hughes Holdings have represented to the Decision Makers that:

1. GM is a corporation incorporated under the laws of the State of Delaware and has its principal executive offices located in Detroit, Michigan. GM is primarily engaged in the automotive industry and, through its wholly owned subsidiary, Hughes Electronics Corporation (“Hughes”), the telecommunications industries. GM is the world’s largest manufacturer of automotive vehicles. GM also has financing and insurance operations and, to a lesser extent, is engaged in other industries.
2. GM currently has two classes of common stock outstanding: common stock, \$1-2/3 par value per share (“GM \$1-2/3 par value common stock”) and Class H common stock, \$0.10 par value per share (“GM Class H common stock”). GM Class H common stock is a “tracking stock” of GM designed to provide holders with financial returns based on the financial performance of Hughes.
3. GM \$1-2/3 par value common stock is listed on The Toronto Stock Exchange under the symbol “GM”. GM Class H common stock is not listed on any Canadian stock exchange. GM \$1-2/3 par value common stock and GM Class H common stock are listed on exchanges outside of Canada, including the New York Stock Exchange (“NYSE”), on which such stocks are listed under the symbols “GM” and “GMH”, respectively.
4. As of April 1, 2002, based on GM’s stock transfer records, there were approximately:
 - a) 877,778,848 shares of GM Class H common stock outstanding worldwide;
 - b) 214,009 shares of GM Class H common stock outstanding and held directly by residents of Canada, representing approximately 0.024% of the total outstanding shares of GM Class H common stock;
 - c) 560,120,773 shares of GM \$1-2/3 par value common stock outstanding worldwide; and

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- d) 928,010 shares of GM \$1-2/3 par value common stock outstanding and held directly by residents of Canada, representing approximately 0.166% of the total outstanding shares of GM \$1-2/3 par value common stock.
5. GM is a reporting issuer in the provinces of Ontario and Québec and is a “foreign issuer (SEDAR)”, as defined in National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR). GM is not a reporting issuer in any other province or territory of Canada and has no present intention of becoming a reporting issuer in any of these jurisdictions.
6. GM is subject to the requirements of the United States Securities Exchange Act of 1934 (the “1934 Act”).
7. Hughes is a corporation incorporated under the laws of the State of Delaware and has its principal executive offices located in El Segundo, California. Hughes is a leading global provider of digital entertainment, information and communications services and satellite-based private business networks. Hughes is currently a wholly owned subsidiary of GM.
8. Hughes Holdings is a corporation incorporated under the laws of the State of Delaware. Hughes Holdings, which is currently a wholly owned subsidiary of GM, has not yet conducted any significant activities other than those relating to its formation, matters relating to the Transactions (as defined below) and the preparation of documents filed publicly with the United States Securities and Exchange Commission (the “SEC”) and related matters. At the time of the consummation of the Transactions, Hughes Holdings will hold all of the outstanding stock of Hughes and will be the company that is separated from GM and merged with EchoStar.
9. Hughes Holdings, which will be the surviving corporation following the Merger (as defined below), will be authorized to issue Class C common stock, \$0.01 par value per share (“Hughes Holdings Class C common stock”) as well as Class A common stock, \$0.01 par value per share (“New EchoStar Class A common stock”) and Class B common stock, \$0.01 par value per share (“New EchoStar Class B common stock”). As described below, the Hughes Holdings Class C common stock will be issued prior to the Merger, while the New EchoStar Class A common stock and New EchoStar Class B common stock will be issued by Hughes Holdings in connection with the Merger.
10. Hughes Holdings is not a reporting issuer in any Canadian province or territory, but will become a reporting issuer solely in the Province of Quebec as a result of the Transactions.

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11. EchoStar is a corporation incorporated under the laws of the State of Nevada and has its principal executive offices located in Littleton, Colorado. EchoStar operates two business units: the Dish Network and EchoStar Technologies Corporation. The Dish Network is a direct broadcast satellite subscription television service in the United States. EchoStar Technologies Corporation is a supplier of direct broadcast satellite equipment to the Dish Network and international satellite service providers and is engaged in other satellite services.

12. EchoStar currently has two classes of common stock outstanding: Class A common stock, \$0.01 par value per share ("EchoStar Class A common stock") and Class B common stock, \$0.01 par value per share ("EchoStar Class B common stock"). Neither class of common stock of EchoStar is listed on any exchange in Canada. EchoStar Class A common stock is quoted on the Nasdaq Stock Market ("Nasdaq") under the symbol "DISH". EchoStar Class B common stock is not listed on any exchange or quoted on any market.

13. As of April 1, 2002, based on EchoStar's stock transfer records, there were approximately:

- a) 241,380,025 shares of EchoStar Class A common stock outstanding worldwide;
- b) 3,260 shares of EchoStar Class A common stock outstanding and held directly by residents of Canada, representing approximately 0.001% of the total outstanding shares of EchoStar Class A common stock; and
- c) 238,435,208 shares of EchoStar Class B common stock outstanding, all of which are held by a single stockholder that is not resident in Canada.

14. EchoStar is not a reporting issuer in any Canadian province or territory and has no present intention of becoming a reporting issuer.

15. GM, Hughes and EchoStar have announced plans to enter into a series of transactions (the "Transactions") that would result in the separation of the business of Hughes from GM and the merger of the Hughes business with EchoStar.

16. There are two principal purposes of the Transactions. First, the Transactions are expected to better position the businesses of Hughes and EchoStar to compete in the multi-channel video programming distribution market and, overall, in the telecommunications industry. Second, the Transactions are expected to provide significant liquidity and value to GM and its common stockholders.

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17. Pursuant to the Transactions, GM will amend its restated certificate of incorporation to, among other things, make the GM Class H common stock redeemable in exchange for shares of Hughes Holdings Class C common stock.

18. Prior to the Split-Off (as defined below), GM will contribute all of the outstanding stock of Hughes to Hughes Holdings. Hughes Holdings will then issue to GM shares of Hughes Holdings Class C common stock. This will result in Hughes Holdings becoming the parent company of Hughes.

19. In order to split-off the Hughes business (the “Split-Off”), GM will distribute to each holder of GM Class H common stock one share of Hughes Holdings Class C common stock in exchange for and in redemption of each share of GM Class H common stock the holder owns (the “Hughes Holdings Distribution”). As a result, all outstanding shares of GM Class H common stock will be redeemed and cancelled.

20. In connection with the Transactions, GM may receive a number of shares of Hughes Holdings Class C common stock. The number of shares, if any, that GM will retain after the Transactions will be based on its retained economic interest in Hughes at the time of the Split-Off. In addition, to the extent required in order to maintain the tax-free status of the Split-Off to GM and its stockholders, GM may distribute to the GM \$1-2/3 par value common stockholders a number of shares of Hughes Holdings Class C common stock (which would otherwise be retained by GM) (the “\$1-2/3 Distribution”).

21. After the Hughes Holdings Distribution, there will be no shares of GM Class H common stock outstanding, and assuming GM common stockholder approval of a further amendment to GM’s restated certificate of incorporation, GM’s restated certificate of incorporation will be further amended to eliminate all provisions related to this class of stock. After the Transactions, GM \$1-2/3 par value common stock will remain outstanding and will be GM’s only class of common stock.

22. Immediately after the Split-Off, Hughes Holdings will merge with EchoStar, with Hughes Holdings as the surviving corporation (the “Merger”). Hughes Holdings will be renamed EchoStar Communications Corporation (“New EchoStar”). As a result of the Merger, Hughes will become a wholly owned subsidiary of New EchoStar.

23. Pursuant to the Merger, each outstanding share of Hughes Holdings Class C common stock will remain outstanding as a share of Class C common stock of New EchoStar (“New EchoStar Class C common stock”) and will remain unchanged.

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24. Each holder of EchoStar Class A common stock will receive approximately 1.3699 shares of New EchoStar Class A common stock for each share of EchoStar Class A common stock the holder owns, or cash in lieu of fractional shares of New EchoStar Class A common stock that the holder would otherwise receive (the “New EchoStar Class A Distribution”).

25. The holder of EchoStar Class B common stock will receive approximately 1.3699 shares of New EchoStar Class B common stock (collectively with the New EchoStar Class A common stock and the New EchoStar Class C common stock, the “New EchoStar common stock”) for each share of EchoStar Class B common stock the holder owns, or cash in lieu of fractional shares of New EchoStar Class B common stock that the holder would otherwise receive.

26. Application will be made to list or quote the New EchoStar Class A common stock and the New EchoStar Class C common stock on either the NYSE or the Nasdaq. Such stock will not be listed on any exchange or quoted on any market in Canada. New EchoStar Class B common stock will not be distributed in Canada and will not be listed on any stock exchange or quoted on any market. Accordingly, no market for the New EchoStar common stock is expected to develop in Canada.

27. Hughes Holdings (to be renamed New EchoStar) will not be a reporting issuer in any province or territory of Canada except Quebec on the date of the Hughes Holdings Distribution, the \$1-2/3 Distribution, if any, or the New EchoStar Class A Distribution (collectively, the “Distribution Dates”).

28. At the Distribution Dates, after giving effect to the distribution of Hughes Holdings Class C common stock (which will remain outstanding as New EchoStar Class C common stock) and the issuance of New EchoStar Class A common stock, residents in Canada will not own, directly or indirectly, more than 10 percent of the outstanding shares of either of these classes of stock and will not represent in number more than 10 percent of the total number of owners, directly or indirectly, of shares of either of these classes of stock.

29. The amendments to GM’s restated certificate of incorporation in connection with the Split-Off require the approval of GM stockholders. In addition, GM is asking its stockholders to ratify the Split-Off and Merger, which ratification is a condition to the completion of the Transactions.

30. The Transactions will be carried out in accordance with applicable U.S. federal securities laws and U.S. state corporate laws. GM common stockholder approval of the Transactions will be obtained under such laws, and GM common

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stockholders resident in Canada will have the benefit of any rights and remedies in respect of the consent solicitation statement/information statement/prospectus and related materials furnished in respect of the Transactions as are available under applicable U.S. laws.

31. Holders of GM \$1-2/3 par value common stock, GM Class H common stock and EchoStar Class A common stock resident in Canada will be furnished with a combined consent solicitation statement/information statement/prospectus and all other materials mailed to GM and EchoStar common stockholders in the United States (except to the extent that such other materials are of relevance only to U.S. residents or U.S. citizens), as applicable, that provide detailed information about the Transactions.

32. Following the Transactions, all continuous disclosure materials relating to New EchoStar that are furnished to its Class A and Class C common stockholders generally will also be furnished to registered New EchoStar Class A and Class C common stockholders resident in Canada.

AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers in each of the Distribution Relief Jurisdictions under the Legislation of such jurisdictions is that trades made in connection with the Hughes Holdings Distribution, the \$1-2/3 Distribution, if any, and the New EchoStar Class A Distribution shall be exempt from the Registration Requirements and Prospectus Requirements of the Legislation of such jurisdictions;

AND THE DECISION of the Decision Makers in each of the Resale Relief Jurisdictions under the Legislation of such jurisdictions is that the first trade in the shares of New EchoStar Class C common stock and New EchoStar Class A common stock acquired pursuant to the distributions referred to above shall not be subject to the Prospectus Requirements of the Legislation of such jurisdictions, provided that:

- a) after giving effect to the issuance of the shares of New EchoStar Class C common stock, and any other shares of New EchoStar Class C common stock that are issued at the same time or as part of the same distribution, residents of Canada will:

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- (i) not own directly or indirectly more than ten percent (10%) of the outstanding shares of New EchoStar Class C common stock; and
 - (ii) not represent in number more than ten percent (10%) of the total number of owners directly or indirectly of outstanding shares of New EchoStar Class C common stock; and
 - (iii) New EchoStar was not a reporting issuer in any jurisdiction other than Quebec at the distribution date; and
- b) after giving effect to the issuance of the shares of New EchoStar Class A common stock, and any other shares of New EchoStar Class A common stock that are issued at the same time or as part of the same distribution, residents of Canada will:
 - (i) not own directly or indirectly more than ten percent (10%) of the outstanding shares of New EchoStar Class A common stock; and
 - (ii) not represent in number more than ten percent (10%) of the total number of owners directly or indirectly of outstanding shares of New EchoStar Class A common stock; and
 - (iii) New EchoStar was not a reporting issuer in any jurisdiction other than Quebec at the distribution date; and
- c) such first trade is made through an exchange or a market outside of Canada, or to a person or company outside of Canada.

Dated this 11th day of September, 2002

Jean-François Bernier
Director, Capital Market