May 13, 2019

FAQ's for Maxar Shareholders about the Tax Preservation Plan

1. What is a tax benefits preservation plan / NOL rights plan?

- A tax benefits preservation plan, also known as an NOL rights plan, protects a company's interests in its right to use net operating losses (NOLs) and other tax benefits, which are valuable corporate assets.
- A company with NOLs can offset these losses against future taxable income, potentially reducing its tax liability and providing valuable benefits to the company.
- However, the ability to use these tax benefits can be limited or eliminated if the company undergoes an "ownership change" of more than 50 percentage points by one or more 5% hos within a three-year period, as defined in Section 382 of the U.S. Internal Revenue Code.
- Consequently, numerous companies with valuable tax benefits have adopted tax benefits preservation plans that are triggered when a shareholder accumulates nearly 5% of a company's outstanding stock to deter possible changes in ownership that would negatively impact the company's ability to preserve the value of its NOLs and other tax benefits.

2. Why did Maxar implement this plan?

- Maxar adopted the plan to protect and preserve Maxar's valuable tax benefits.
- Because Maxar's ability to use its NOLs could be limited or eliminated if it were to experience an "ownership change," as defined under Section 382 of the U.S. Internal Revenue Code, the plan provides a deterrent against acquisitions of Maxar common stock that could trigger such "ownership changes" and a subsequent loss in Maxar's ability to use its NOLs.
- The plan adopted by Maxar is a commonly adopted structure by many public companies.

3. Why are NOLs important for Maxar? What is the effect of having NOLs?

- NOLs are important to Maxar because they can be offset against future taxable income, potentially reducing Maxar's tax liability and providing valuable benefits to Maxar. This allows Maxar to save cash that would otherwise have to be used to fulfill tax liability, increasing Maxar's cash flow and liquidity.
- As of December 31, 2018, Maxar had estimated its U.S. federal net operating loss carryforwards (NOLs) to be approximately $890 million and federal R&D credits to be approximately $77 million.

4. Why did the Board take this action now? Was this action taken in response to demands from shareholders?

- The Board proactively took this action after determining that implementing the tax benefit preservation plan was the right step to protect and preserve the value of Maxar's NOLs and other deferred tax benefits

5. What happens if the plan is triggered?

- If the plan is triggered, all holders of rights, other than the person or group triggering the rights, will be entitled to purchase shares of Maxar common stock (or common stock of an acquiring person or surviving company, if the triggering person merges with Maxar) at a 50% discount.
- In the event the plan is triggered, rights held by the triggering person or group will become void and will not be exercisable.

6. Why set a 4.9% trigger?

- Section 382 of the U.S. Internal Revenue Code limits a company's ability to use its NOLs if the company undergoes "change of ownership" by one or more 5% shareholders of more than 50 percentage points over such shareholders' lowest ownership percentage within a three-year period.
- Accordingly, Maxar has adopted a tax benefit preservation plan that would be triggered if a shareholder acquires more than 4.9% of Maxar's outstanding shares.

7. **What impact does the plan have on shareholders that already own more than the 4.9% threshold?**
   - Any shareholders currently owning 4.9% or more of Maxar's outstanding common stock will be “grandfathered in” at their current ownership level.
   - However, the plan will be triggered if a person or group that already beneficially owns 4.9% or more of Maxar’s outstanding common stock acquires additional shares (other than as a result of a dividend or a stock split) without Board approval.

8. **Does the Board have the ability to exempt shareholders from the plan?**
   - The Board can exempt a shareholder upon request if it determines that (a) the acquisition of common stock by such shareholder will not jeopardize or endanger the value or availability of the NOLs or other tax benefits or (b) the exemption is in the best interests of Maxar.
   - The Board of Directors has established procedures by which it will consider requests by shareholders to exempt certain acquisitions of Maxar common stock from the plan.

9. **When will the plan terminate?**
   - The plan will terminate on November 13, 2019, unless Maxar shareholders approve the plan prior to that date, in which case the plan will terminate on October 5, 2020 (three years from the date a significant number of Maxar shares were issued in the DigitalGlobe acquisition).
   - The plan will also terminate automatically if the Board determines that the NOLs are fully used or impaired or that a Section 382 ownership change will not impact the NOLs or the timing for their use.

10. **Will the issuance of the rights under the plan be taxable to Maxar or shareholders?**
    - Generally, the distribution of the rights should not be taxable to Maxar shareholders for U.S. purposes. Shareholders should obtain their own tax advice.

11. **When will shareholders vote to approve the plan?**
    - Maxar intends to hold a special meeting for shareholders to approve the plan prior to November 13, 2019.
    - If Maxar shareholders do not approve the plan prior to that date, the plan will terminate.